



ACT
Government

Suburban Land
Agency

FOR DISCUSSION

| Meeting | Board | Audit & Risk Committee | People & Transition Committee |
|-------------------|---|------------------------|-------------------------------|
| Date of Meeting | 29 May 2020 | N/A | N/A |
| Meeting No. | 44 | N/A | N/A |
| Agenda No. | 4.1 | N/A | N/A |
| Title | Strategic Issues -Affordable Housing | | |
| Purpose | The purpose of this item is for the Suburban Land Agency (Agency) Board to lead the discussion on affordable housing. | | |
| Paper Prepared by | ○ Privacy | | |
| Paper Approved by | Mr Nicholas Holt, Executive Director Built Form and Divestment | | |

| | |
|----------------|---|
| Recommendation | The Board to discuss affordable housing as a strategic issue significant to the Agency, note the outcomes of the 8 May 2020 Affordable Housing Workshop at <u>Attachment A</u> and endorse the selection of actions outlined in the draft Affordable Housing Strategy-on-a-page at <u>Attachment B</u> . |
|----------------|---|



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Out of scope



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Out of scope

Suburban Land Agency – Affordable Housing Strategy

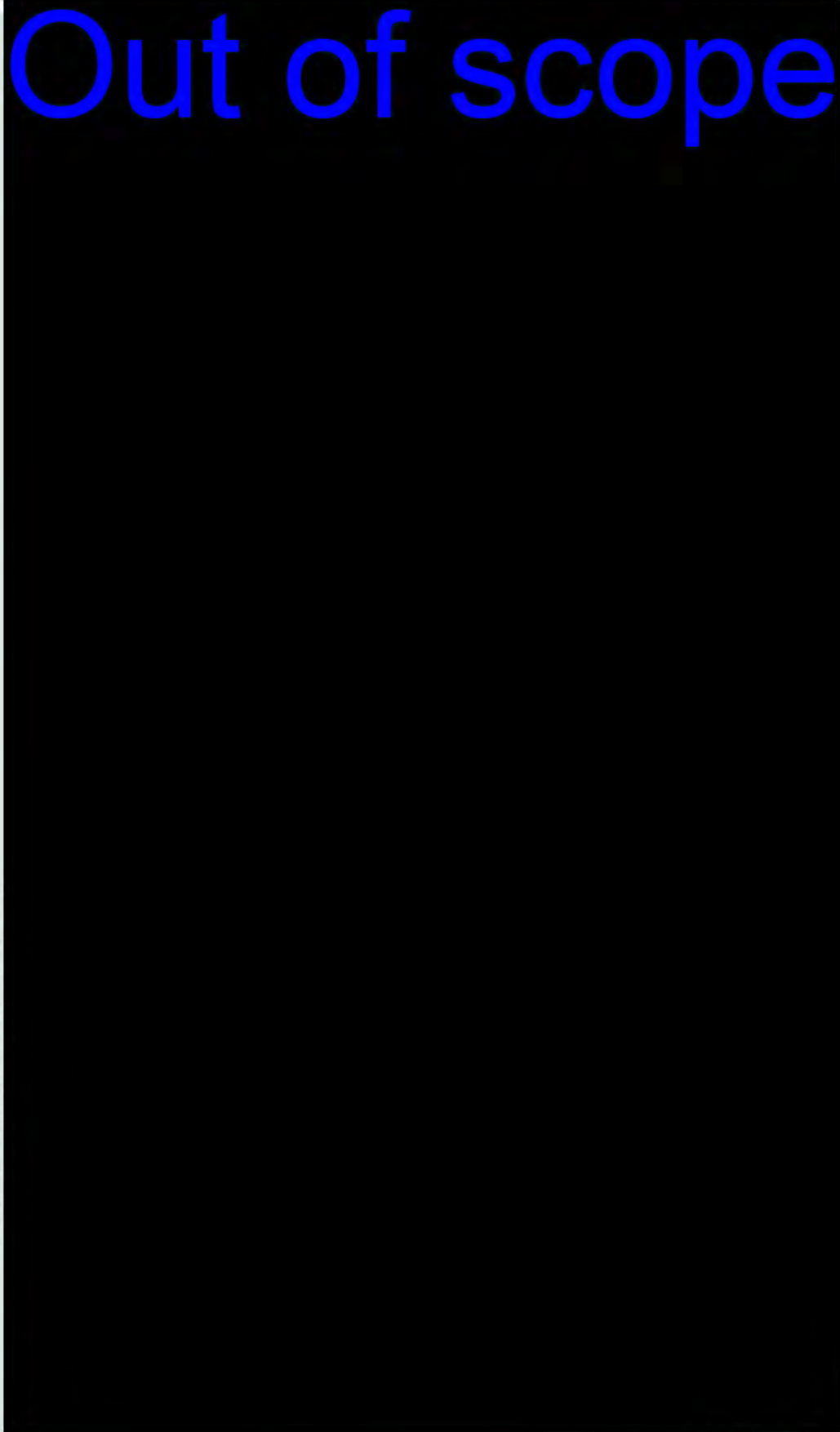
ON A PAGE

Why are we getting involved?

- Our objectives – the *City Renewal Authority and Suburban Land Agency Act 2017* includes **affordable living, social inclusion and housing choice**
- Demand – there is a **need** for more affordable housing in the ACT
- Government’s objectives – the *ACT Housing Strategy* aims to create a **diverse supply** of housing, growing **affordable rental and home ownership**

What will we do?

| Focus Area | Delivery Model/Product Type | Proposed Agency Action | Affordable Living | Social Inclusion | Housing Choice | Policy Driver | Time frame | Outcome /Indicator |
|------------|---|---|-------------------|------------------|----------------|---|------------|--|
| | Release land with requirements for affordable housing | In accordance with published housing targets, which make up 15% of the overall Indicative Land Release Program, continue to implement and improve the program of land release for affordable, public and community housing. | – | ✓ | ✓ | Housing Strategy Goal 1B: Set a 15% target for social and affordable housing. | Ongoing | The Suburban Land Agency meets annual Housing Targets. |



Growing Affordable Home Ownership

Increasing Affordable Rental Housing

Growing Supply of Community Housing

Board Affordable Housing Workshop – Overview

Workshop Details

Date: Friday 8 May 2020

Time: 1.00pm-3.00pm

Place: The workshop will take place online, via Microsoft Teams.

Workshop Objectives

The objectives of the workshop are to:

- provide an opportunity for the Board to discuss affordable housing in greater detail.
- allow the Board to review recent progress and ensure it remains consistent with the Board’s risk appetite and preferred approach to the delivery of affordable housing.
- ensure the structure of the draft “Suburban Land Agency Affordable Housing Strategy-on-a-page” is consistent with the Board’s expectations.
- inform the way in which the final version of the Suburban Land Agency Affordable Housing Strategy is compiled and presented.

Board member preparation

Prior to the Board meeting, Board members are invited to:

- review the reading list. The required reading outlines key documents, such as the *ACT Housing Strategy* and prior Board papers, which will be relevant to the workshop discussion. There is also some other reading, which is not required but provided for the information and interest of the Board only.
- review the presentation slides and draft documents, and consider any matters which require further discussion during the workshop. The Built Form team will give the presentation at the beginning of the workshop, followed by opportunity for discussion.

Meeting Agenda

| Agenda Item | Time | Lead |
|--|---------------|---------------|
| Introduction | 5 minutes | John Dietz |
| Background Presentation | 10-15 minutes | Nicholas Holt |
| Options Discussion: <ul style="list-style-type: none"> • Opportunities • Risk Appetite • Priority | 1 hour | John Dietz |
| Strategy on a Page | 10-20 minutes | John Dietz |

Affordable Housing Workshop – Reading List Pack 1

Required Reading

| Page No. | Item |
|----------|---|
| Page 3 | Draft Strategy on a Page |
| Page 4 | Presentations Slides |
| Page 38 | Options Table |
| Page 39 | ACT Housing Strategy 2018 |
| Page 91 | Notifiable Instrument 2019-20 |
| Page 95 | Board Meeting 27 August 2019 Agenda Item 34.7.1 |
| Page 106 | Board Meeting 10 February 2020 Agenda Item 40.4.1 |



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AFFORDABLE HOUSING STRATEGY BOARD WORKSHOP

8 MAY 2020



Agenda

| Agenda Item | Time | Lead |
|--|---------------|---------------|
| Introduction | 5 minutes | John Dietz |
| Background Presentation | 10-15 minutes | Nicholas Holt |
| Options Discussion: <ul style="list-style-type: none">• Opportunities• Risk Appetite• Priority | 1 hour | John Dietz |
| Strategy on a Page | 10-20 minutes | John Dietz |

Why are we here?



Opportunity to discuss affordable housing in greater detail



Review recent progress and ensure it remains consistent with the Board's risk appetite and preferred approach to the delivery of affordable housing



Ensure the structure of the draft "Suburban Land Agency Affordable Housing Strategy-on-a-page" is consistent with the Board's expectations



Inform the way in which the final version of the Suburban Land Agency Affordable Housing Strategy is compiled and presented

Progress to date

- Since the October Strategy Day, the Built Form team has:
 - taken over management of the Affordable Home Purchase Scheme including:
 - a new database, with better data collection and customer experience
 - advertising on social media
 - reviewed potential actions from the ACT Housing Strategy
 - identified a range of affordable housing opportunities and engaged experts to explore these
 - developed a structure for a high-level strategy on a page



Drivers behind the development of an Affordable Housing Strategy



Suburban Land Agency
and City Renewal
Authority Act 2017



ACT Housing Strategy
2018



Minister's Statement of
Expectations



Statement of Intent



Annual Housing Targets

The Suburban Land Agency Affordable Housing Strategy will allow us to respond to these drivers, managing our commercial and non-financial obligations.

Options Discussion

- Options developed based on research and expert advice
- Options grouped under three themes (linked to the ACT Housing Strategy):
 - growing affordable home ownership
 - growing supply of affordable rental housing
 - growing supply of community housing
- This discussion will run through each option, based on:
 - risks
 - opportunities
 - priority
 - other comments



Growing Affordable Home Ownership

Affordable Purchase with Private Operator –
(eg. Nightingale)

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Joint Ventures

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Model Affordable Housing (Built Form)

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Rent to Buy

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Cooperative Housing

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Shared Equity

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS



Growing Affordable Rental Housing

Joint Ventures

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Permanent Rental Affordability Development

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Build to Rent

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS



Growing Community Housing

Cooperative Community Housing

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Shared Equity (Government and CHPs)

Out of scope

Discussion



RISKS



OPPORTUNITIES



PRIORITY



GENERAL
COMMENTS

Draft Strategy- on-a-page

- Intended to be high-level overview of Suburban Land Agency Affordable Housing Strategy, including drivers and actions
- Will capture the key activities of the Agency
- To be completed following this workshop

Suburban Land Agency – Affordable Housing Strategy



What is driving us?

\$320 - \$580 p/w
There is a need for affordable rental properties for households earning \$55,000-\$100,000 per year.



7000 households in private rental market paying more than 30% of income on housing

9000 households in public/community rental

15,000 households in affordable rental with potential to purchase



Housing Strategy target to provide 400 affordable dwellings per annum

City Renewal Authority and Suburban Land Agency Act 2017:

Objectives include **affordable living, social inclusion** and housing choice

Functions include ensuring a **mix** of public and private housing, **increasing supply** of affordable & community housing, meeting **housing targets**

ACT Housing Strategy:

Strategy Goal 1: An equitable, diverse and sustainable supply of housing.

Strategy Goal 4: Increasing **affordable rental** housing
Strategy Goal 5: Increasing **affordable home ownership**

Statement of Expectations and Statement of Intent

Strengths – Weaknesses – Opportunities – Threats

- ✓ Access to funding
- ✓ Agile with delivery
- ✓ Access to land
- ✓ Not solely driven by financial returns
- ✓ Ability to influence estate layout and design early
- ✓ Experience of prior affordable housing programs, eg OwnPlace
- ✓ Dedicated Built Form team
- ✓ Improve customer experience
- ✓ Demonstrate social responsibility
- ✓ Address Minister's expectations
- ✓ Leverage 'one government' across our partnerships
- ✓ Diversity of land available



- Access to adequate staff resources
- Ability to sell, lease or manage buildings or tenancies

- Built Form delivery risks – such as building defects and Work Health and Safety
- Duplication of existing Government effort
- Agency financial position

What will we do?

| Associated Driver/Target | Delivery Model/Product Type | Proposed Agency Action | Timeframe | Outcome/Indicator |
|------------------------------------|---|---|---------------|---|
| Increase affordable home ownership | Affordable purchase with private operator (eg. Nightingale) | SLA to identify site for sale for Nightingale model and run tender process seeking operator | December 2024 | Site successfully sold for Nightingale model to operate |
| | | | | |
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| | | | | |
| | | | | |

DRAFT TO BE COMPLETED AFTER WORKSHOP

Next Steps



Review Board feedback and discuss with experts



Update draft “Suburban Land Agency Affordable Housing Strategy-on-a-page”



Present Strategy-on-a-page at the May 2020 Board meeting



Continue work on full Suburban Land Agency Affordable Housing Strategy

| Associated Driver/Target | Delivery Model/Product Type | Opportunity to meet: | | | Already operating in the ACT | Market Demand | Financial/in-kind investment required from government (e.g. low to high) | Length of government involvement/subsidy (e.g. initial/short term to long term/ongoing) | Possible SLA Actions | SLA Actions to Avoid | Board Member Comments | | | |
|-------------------------------------|---|-------------------------------|---------------------|--------------------|---------------------------------------|-------------------|--|---|---|--|-----------------------|---------------|----------|------------------|
| | | Investment Decision Framework | High Design Quality | Triple Bottom Line | | | | | | | Risks | Opportunities | Priority | General Comments |
| Growing Affordable Home Ownership | Release land with requirements for affordable housing | ✓ | ✘ | ? | ✓ SLA via ILRP and Housing Targets | 15,000 households | Low | Ongoing | Continue to implement requirements as part of sales contracts | Placing too many obligations on the private sector to deliver without any reward Setting targets based on land releases without identifying housing needs | | | | |
| | Out of scope | | | | | | | | | | | | | |
| | Growing Supply of Affordable Rental Housing | | | | | | | | | | | | | |
| Growing Supply of Community Housing | | | | | | | | | | | | | | |

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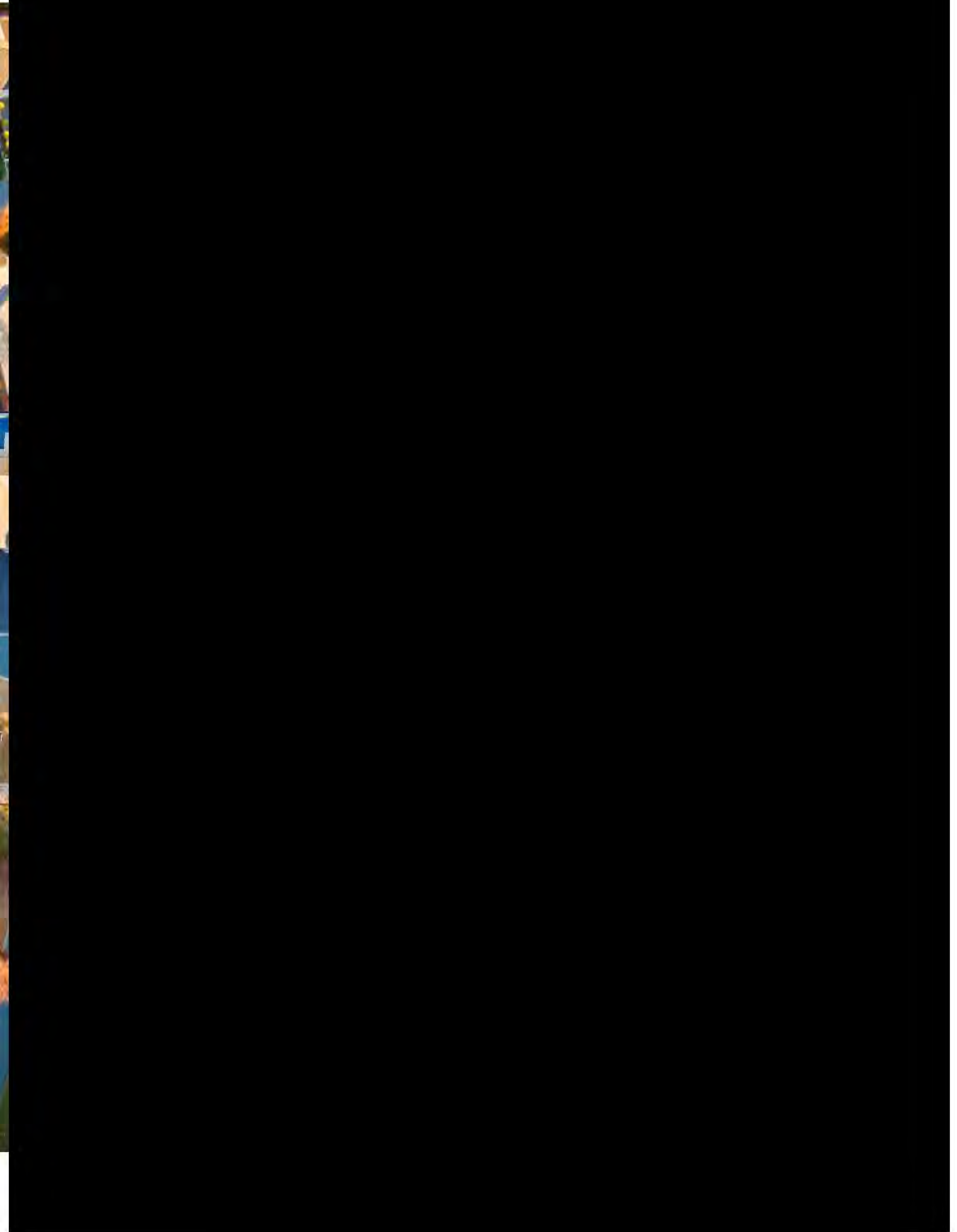
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FOR DISCUSSION

| | | | |
|--------------------------|---|-----------------------------------|--|
| Meeting | Board | Audit & Risk Committee | People & Transition Committee |
| Date of Meeting | 27 August 2019 | N/A | N/A |
| Meeting No. | 34 | N/A | N/A |
| Agenda No. | 7.1 | N/A | N/A |
| Title | Affordable Housing Review | | |
| Purpose | The purpose of the paper is to provide the Board with a range of actions the Suburban Land Agency could take in delivering affordable housing to align with the context of the <i>ACT Housing Strategy</i> (October 2018), and to provide some interstate and international examples. | | |
| Paper Prepared by | Privacy Privacy | | |
| Paper Approved by | Nicholas Holt, Executive Director Built Form & Divestment Group | | |

| | |
|-----------------------|--------------------------------|
| Recommendation | That the Board note the paper. |
|-----------------------|--------------------------------|



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Executive Summary

Out of scope



ACT
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Suburban Land
Agency

Out of scope

| ACT Housing Strategy and Implementation Plan, October 2018 | | ACT Housing Strategy, Implementation Plan, SLA Specific Responsibility | Additional Actions to those required within Implementation Plan | Comments | |
|--|--|--|---|---------------------|---------------------|
| STRATEGY GOAL 1: AN EQUITABLE, DIVERSE AND SUSTAINABLE SUPPLY OF HOUSING FOR THE ACT COMMUNITY | | | | | |
| 1A: Provide land and housing development opportunities to meet demand. | 1. Model and publish ACT Government housing supply and demand projections via the ACT Land and Property report. | x | ✓ | Out of scope | |
| | 2. Monitor and report on trends in Canberra and the region's land and property markets via the ACT Land and Property report. | x | ✓ | | |
| | 3. Release an appropriate supply of land in a mix of greenfield and urban renewal locations, informed by modelling and market analysis to provide land ahead of demand. | ✓ | ✓ | | |
| 1B: Set a 15% target for social and affordable housing. | 1. Dedicate at least 15 per cent of the Indicative Land Release Program each year to affordable, community and public housing with implementation from the 2019-20 program onwards. | ✓ | ✓ | | |
| 1C: Maintain a healthy land and housing development pipeline. | 1. Maintain a land planning and development pipeline equivalent to four years' demand, as determined by regular demand and supply modelling undertaken under objective 1A. | ✓ | ✓ | | |
| 1D: Provide a diverse mix of housing types and choice. | 1. Consider the recommendations of the 2018 Housing Choices Collaboration Hub related to consideration of relevant zoning changes to specific demonstration projects. Review the efficacy of these changes on housing types and choice and progress positive outcomes. | x | ✓ | | |
| | 2. Consider directions from the Planning Strategy refresh, around urban growth areas and plan for the integration of new housing types in existing urban environments, including links to transport, open space, community and cultural facilities. | x | ✓ | | |
| | 3. Undertake appropriate planning and design for greenfield estates to support a variety of housing types and urban environments. | x | ✓ | | |
| 1E: Facilitate innovative design and delivery mechanisms. | 1. Facilitate demonstration projects that showcase innovative, diverse housing options through different mechanisms. | x | ✓ | | |
| | 2. Consider a range of sites for demonstration housing to design and deliver an inclusive residential community, pending consideration of variations to the Territory Plan for the sites. | x | ✓ | | |
| | 3. Consider different occupancy and ownership models including the applicability of community title models for cooperative housing developments. | x | ✓ | | |
| STRATEGY GOAL 3: STRENGTHENING SOCIAL HOUSING ASSISTANCE | | | | | |
| 3B: Build a range of housing options that are designed to better meet the diverse and contemporary tenant needs. | | x | ✓ | | Out of scope |

| ACT Housing Strategy and Implementation Plan, October 2018 | | ACT Housing Strategy, Implementation Plan, SLA Specific Responsibility | Additional Actions to those required within Implementation Plan | Comments |
|---|---|--|---|--|
| STRATEGY GOAL 4: INCREASING AFFORDABLE RENTAL HOUSING | | | | |
| 4B: Grow the supply of affordable private rental properties. | 4. Release a residential development site (or sites) via expression of interest process for the construction of affordable rental properties under a build-to-rent model. | ✓ | ✓ | Out of scope |
| 4E: Target programs to increase supply of affordable housing for vulnerable and disadvantaged households. | 1. Investigate establishing priority categories for 'at-risk' groups to access community housing, the affordable home purchase database and Affordable Rental Real Estate Management model properties. | x | ✓ | |
| STRATEGY GOAL 5: INCREASING AFFORDABLE HOME OWNERSHIP | | | | |
| 5A: Provide more affordable homes for purchase. | 1. Set an annual target to increase affordable home purchase opportunities as part of the commitment to dedicate 15% of the indicative land release program to public, community and affordable housing. | ✓ | ✓ | The SLA is responsible for releasing dedicated affordable land identified in the Indicative Land Release Program. In addition, we have undertaken further work attempting to identify the feasibility of such sites and how successful the take-up of the affordable housing component of such developments is in the broader market context. The SLA will be looking to increase affordable home purchase opportunities as it further develops its role in affordable housing delivery. |
| | 2. Investigate mechanisms to protect and maintain dedicated, individually titled affordable home purchase homes. | x | ✓ | Although the SLA is not explicitly responsible for this action, work around how to best deliver affordable housing requirements and mandate these requirements within the Territory Plan across development sites and individually titled standard residential blocks is currently being considered by the SLA, including through developing a better understanding of market value. |
| | 3. Investigate new affordable home purchase price thresholds linked to the number of bedrooms, to replace the current thresholds linked to floor area, to coincide with the finalisation of the Apartment Design Guide and the Attached Housing Design Guide. | x | ✓ | Although the SLA is not explicitly responsible for this action, work has been undertaken identifying built form products on certain block sizes that can accommodate the thresholds. This analysis, including advice from independent quantity surveyors, is being used to inform discussions with EPSDD. |
| | 6. Explore the viability of dedicated affordable home purchase properties to be constructed and sold to eligible households on the ACT Government's home purchase database. | x | ✓ | Although the SLA is not explicitly responsible for this action, the database function has transferred to the SLA from EPSDD and the SLA is exploring funding and delivery options for affordable home purchase properties to be constructed and sold by the SLA as part of the built form program and an Expression of Interest process in Taylor. |
| | 7. Investigate financial incentives to encourage the delivery of additional affordable home purchase properties on privately owned land through consideration of mechanisms such as lease variation charge remissions, or planning controls. | x | ✓ | Although the SLA is not explicitly responsible for this action, high level research has been conducted as to how financial incentives and planning incentives have been utilised elsewhere both nationally and internationally. |
| 5B: Increase home ownership through alternative finance and occupancy models. | 1. Pilot a shared equity initiative in partnership with a community housing provider. | ✓ | x | Out of scope |

Legend:

| Colour | Explanation |
|--------|--|
| | SLA to monitor and provide support as required. |
| | SLA to play a role in conjunction with policy work from EPSDD. |
| | SLA required to take a lead role, or strong potential opportunity for SLA involvement. |

Mechanisms to Deliver Affordable Housing – from Developer to Purchaser

Planning Mechanisms

Out of scope

Voluntary Planning Mechanisms³

Out of scope

¹ Gurrán, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne

² Ibid

³ Ibid

⁴ <http://vparegister.planning.nsw.gov.au/>

Mandatory Planning Mechanisms⁵

Out of scope

Financial Based Mechanisms⁸

Out of scope

⁵ Ibid

⁶ <https://sfmohcd.org/inclusionary-housing-program>

⁷ <https://www1.nyc.gov/site/planning/zoning/districts-tools/inclusionary-housing.page>

⁸ Randolph, B., Troy, L., Milligan, V. and van den Nouwelant, R. (2018) *Paying for affordable housing in different market contexts*, AHURI Final Report No. 293, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/293>

Construction Delivery Mechanisms

Out of scope

End User Purchase Mechanisms

- Successful affordable home purchase loans are available in SA through HomeStart and WA through Keystart.
- **Keystart**⁹ is owned by the Government of Western Australia, however operates as a company and carries an Australian Credit Licence. In comparison to standard lenders, Keystart provides loan conditions allowing a minimum 2% deposit, removes the requirement for Lenders Mortgage Insurance and has minimal ongoing administrative costs.
- As an incentive to refinance once equity is secured, a higher interest rate is charged for Keystart loans¹⁰.
- Keystart also offers 'shared ownership loans', which is a form of shared equity arrangement. In a shared ownership loan, the WA Government through the Housing Authority can fund up to a maximum of 30% of the purchase price of a property. The resultant home loan is based on the share that is financed by the borrowing through Keystart, enabling greater serviceability of the loan.
- **HomeStart**¹¹ is a similar organisation established in SA by the Government of South Australia. HomeStart provides a variety of loans with deposits ranging from 3% to 8% depending on the type of loan and dwelling status. The lenders mortgage insurance (LMI) requirement is also removed, however a loan provision charge still applies, which is considerably less than LMI.

⁹ www.keystart.com.au

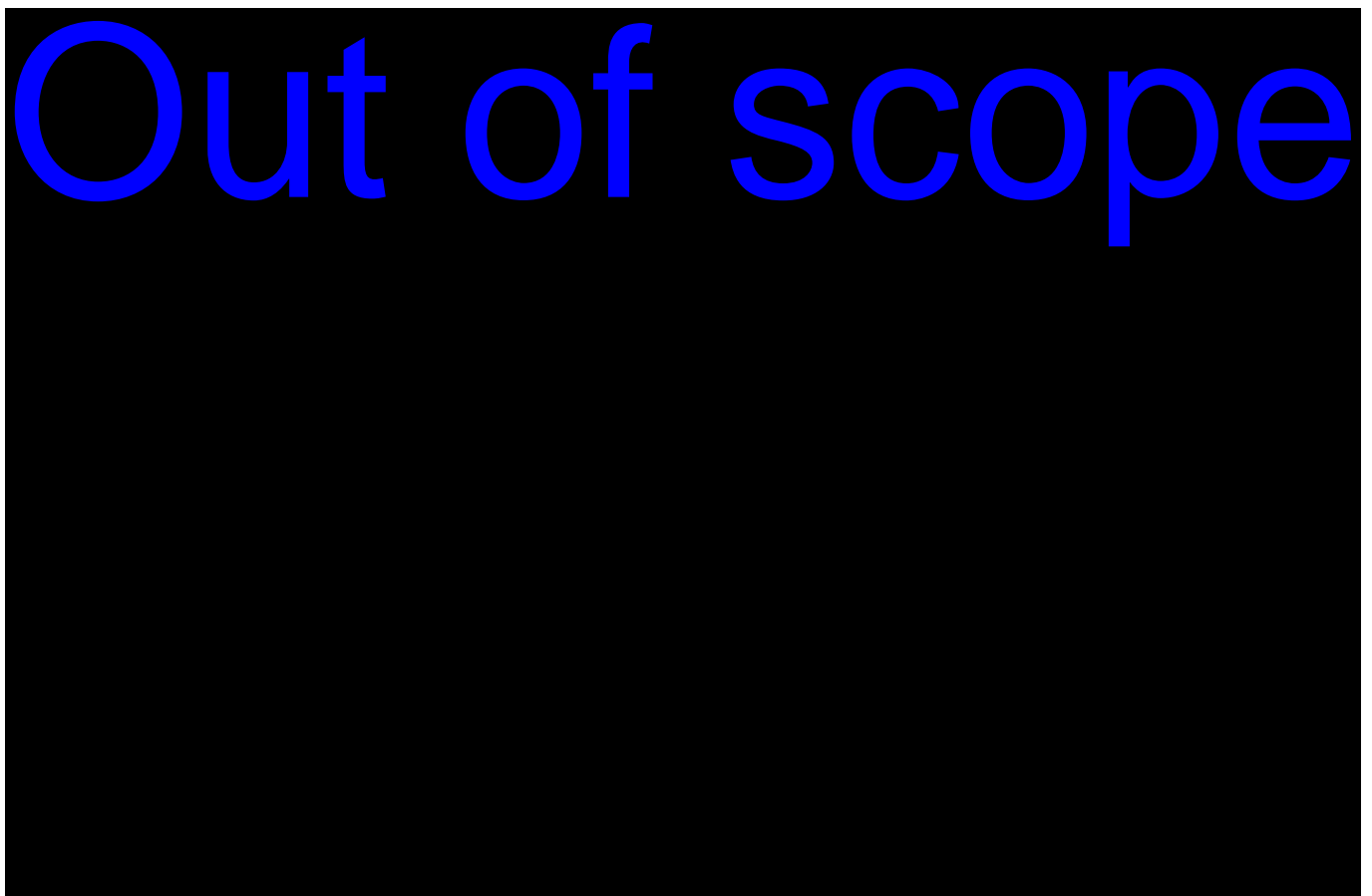
¹⁰ <https://www.abc.net.au/news/2019-06-02/wa-keystart-program-works-for-first-home-buyers/11164356>

¹¹ www.homestart.com.au

Exemplar Project



Affordable Rental



Further examples of affordable housing development delivery are in [Appendix 1](#).

¹² <https://renewalsa.sa.gov.au/projects/lightsvie/>

¹³ <https://assemblecommunities.com/>

Appendix 1¹⁴:

| Location | NSW case study in Outer-metropolitan Sydney | VIC case study in Middle-metropolitan Melbourne | QLD case study in Middle-metropolitan Brisbane |
|------------------------------|--|--|---|
| Market/policy context | Out of scope | | |
| Funding/financing mechanisms | | | |
| Housing Outcomes | | | |
| Project Summary | | | |

¹⁴ Information derived from Randolph, B., Troy, L., Milligan, V. and van den Nouwelant, R. (2018) *Paying for affordable housing in different market contexts*, AHURI Final Report No. 293, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/293>.

| Location | ACT case study in Middle-metropolitan Canberra | WA case study in Inner-Metropolitan Perth | SA case study in Regional South Australia |
|------------------------------|---|--|--|
| Market/policy context | <h1>Out of scope</h1> | | |
| Funding/financing mechanisms | | | |
| Housing Outcomes | | | |
| Project Summary | | | |



ACT
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SLA Board meeting 10 February 2020
(No.40)

STRATEGIC ISSUE – AFFORDABLE HOUSING



AFFORDABLE HOUSING

February 2020



AFFORDABLE HOUSING EXPLAINED

As part of the ACT Housing Strategy 2018 (**the Strategy**), the ACT Government made a commitment to provide 15% of dwelling sites in the Indicative Land Release Program for **Social Housing**.

Social Housing

is a broader term used to encompass

Public
Community, &
Affordable Housing

Each offers lower cost housing to a different segment of the 'low to moderate' income quintiles.

AFFORDABLE HOME PURCHASE SCHEME

Established in 2012 with the objective to fill a gap in the market by assisting moderate income households to purchase property.

Various iterations of the Scheme over a 5 year period.

Scheme in it's current form established **2017**.

SLA took over implementation of the Scheme in December 2019, previously managed by **EPSDD**.

EPSDD manage the policy
which includes applicant criteria
+

property price thresholds, established based on income thresholds:

Up to 80m² - \$330,000

Between 80m² and 105m² - \$381,000

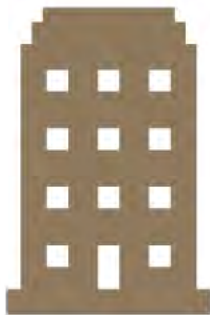
Greater than 105m² - \$434,000

LAND RELEASE COMMITMENT

The **Indicative Land Release Program (ILRP)** identifies the **dwelling numbers** to be released in each Financial Year.

In 2018, the *ACT Housing Strategy* announced the Government's commitment to dedicate 15% of the overall **ILRP** to the supply of **Social Housing**.

The 15% allocation of released land to **Social Housing** is managed by the *Housing Targets Reference Group* and formalised as Notifiable Instruments under the CRASLA Act.



AFFORDABLE ANALYSIS

Current expansions to **the Scheme** being explored including financial advice on:

- Affordable Rentals – various avenues
- Shared Equity - Affordable purchasing
- Nightingale model
- Build-To-Rent
- Rent-To-Buy (such as Assemble model)
- Cooperative housing models.

FINANCIAL COMMITMENT

Allocating **Housing Targets** each year involves a financial commitment from the SLA.

Affordable price thresholds can reduce the value of land sales:

Out of scope

Delivering Housing Targets meets many **non-financial objectives**.

SLA is working with EPSDD through the *Housing Targets Reference Group* to explain the **cost of affordable housing** to Government.

GINNINDERRY

Lessons learned

- Potential to offer second tier for 'flexi living' style dwellings like Ginninderry
- How we treat whole of life costs against affordability
- Challenges of build cost against price thresholds

Out of scope



Affordable Housing Workshop – Other reading Pack 2

Other Reading

| Page No. | Paper | Links |
|----------|---|---|
| | Housing Targets - EPSDD Website Information Page | https://www.planning.act.gov.au/urban-renewal/affordable-housing/housing-targets) – click on link |
| | Notifiable Instrument 2018-19 #1 | https://www.legislation.act.gov.au/View/ni/2019-228/current/PDF/2019-228.PDF) – click on link |
| | Notifiable Instrument 2018-19 #2 | https://www.legislation.act.gov.au/View/ni/2018-508/current/PDF/2018-508.PDF) – click on link |
| | Notifiable Instrument 2017-18 | https://www.legislation.act.gov.au/View/ni/2018-75/current/PDF/2018-75.PDF) – click on link |
| Page 2 | Board Meeting 26 June 2018 Agenda Item 11.1.3 | Attached |
| Page 27 | Board Meeting 26 February 2019 Agenda Item 23.5.3 | Attached |
| Page 40 | Strategy day 23 October 2019 Item 6 <i>Built Form Business Model – Presentation Slide 20 and Attachment D – Housing Mechanisms</i> | Attached |



Meeting Number: 11, 26 June 2018

Agenda Item: 11.1.3 – Affordable Housing Discussion Paper

Responsible Executive: Clint Peters, Director Urban Projects, Sales and Marketing

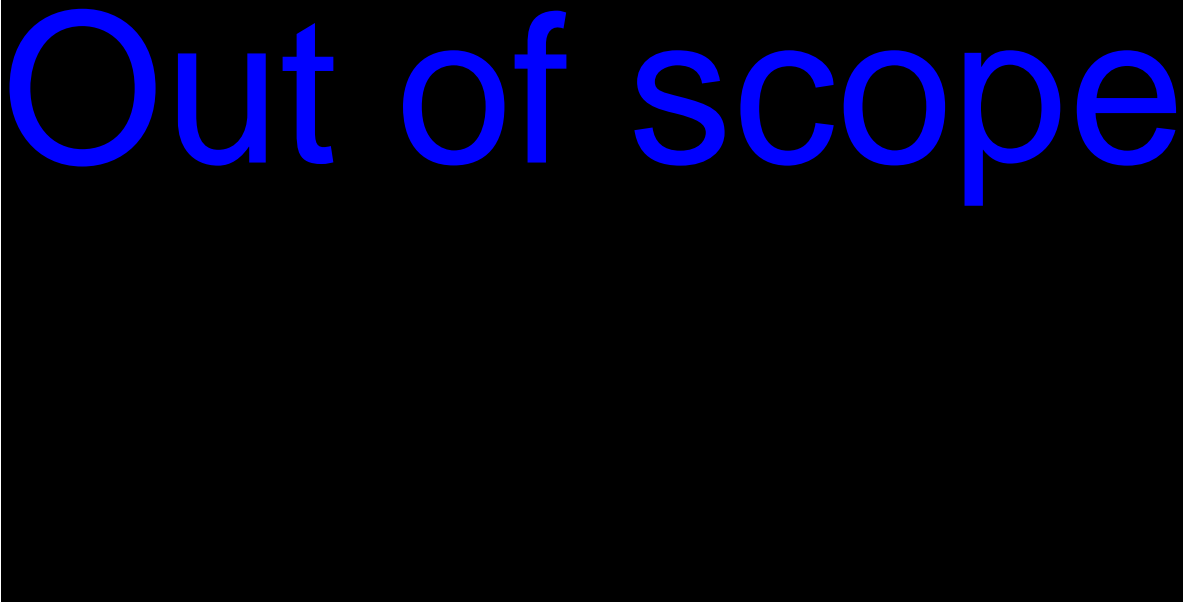
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Purpose

1. This paper provides a brief history of previous delivery methods of Affordable Housing in the ACT and offers a range of options for discussion for future delivery.

Background

2. First established in 2007, the ACT Government’s Affordable Housing Action Plan (AHAP) was the key policy platform for addressing housing affordability until 2017. The three phases of the AHAP encompassed 97 individual objectives across the full housing spectrum.



7. In 2017 the Government committed to developing a new Housing Strategy for the ACT to set the agenda for the next ten years, build on gains to date, and work to bridge the gaps that have been identified.
8. To address the needs of the lowest two income quintiles, the ACT Government has introduced a new measure of affordability, and now sets an annual target of dedicated affordable, public and community housing to be released from within the Government’s infill and Greenfield land release program.
9. This is a requirement of the *City Renewal Authority and Suburban Land Agency Act 2017* (the Act) and is published annually alongside the *ACT Government Indicative Land Release Program* (ILRP). Under section 65 of the Act, relevant Ministers are required to set affordable, community and public housing targets for residential development in an urban renewal precinct, within an urban renewal area other than in an urban renewal precinct, and in new suburbs. This is done by the annual tabling of a Notifiable Instrument (NI) listing the year’s targets.

10. To ensure the dedicated affordable homes under the targets are purchased by people who need them most, the Government has introduced clear eligibility criteria, aligned with the Government's decision to refocus its efforts to assist those households on low to moderate incomes.
11. Purchasers will be required to register on a database maintained by Environment Planning Sustainable Development Directorate (EPSDD) and show they meet household income thresholds that place them in the lowest two income quintiles, as well as showing they do not own any property currently, or in the last two years, and that they intend to live in the home for at least 12 months.
12. The current price thresholds to meet the requirements of the AHAP are based on net living area and for 2017-18 were:
 - a. Dwellings up to 80m² - \$323,000;
 - b. Dwellings between 81 and 105m² - \$374,000; and
 - c. Dwellings over 105m² - \$425,000.
13. A housing target of 552 dedicated public, community and affordable dwelling sites has been set for 2018-19. This is made up of:
 - a. 20 sites for Community Housing;
 - b. 60 sites for new/additional public housing; and
 - c. 472 sites for dedicated affordable home purchase (AHP) to eligible low income households.

The 2018-19 Notifiable Instrument has not yet been tabled, but the table at [Attachment B](#) provides further detail of the sites and targets that have been identified.

Out of scope

15. The 472 sites in the 2018-19 program for AHP are composed of 60 dwellings in Strathnairn, 120 dwellings in Asset Recycling Initiative sites, 98 dwellings in Multi Unit sites in both infill and Greenfield sites and 194 separate title blocks across Taylor, Whitlam and Wright.
16. The 194 separate title blocks including both compact and terrace product, have been identified as suitable for delivery that can be delivered by the Suburban Land Agency as affordable product.
17. It is proposed to continue the current delivery method for Multi Unit sites. This consists of a Project Delivery Agreement which details the number of affordable dwellings to be produced and how and to whom they can be sold, being included in the Contract for sale.

Previous Papers

N/A

Issues

18. It is proposed a three staged approach be implemented to deliver affordable housing going forward.

Stage one – Next 12 months

Out of scope

Stage two – Medium Term

Out of scope

Out of scope

Stage three – Future.

Out of scope

Consultation and Engagement

31. The Sales and Marketing branch is working closely with the Land Policy and Affordable Housing branch of EPSDD to identify sites and inform the future policy directions to ensure a successful delivery of the Affordable Housing targets.

Next Steps

32. Agree to a framework for the three stages of deliverables and priorities for implementation.
33. It should be noted that the current staffing structure does not contain any dedicated affordable housing staff and this would need to be considered to facilitate delivery of these targets.

Attachments

- Attachment A – OwnPlace Presentation
- Attachment B – 2018-19 Housing Targets
- Attachment C – Land Rent Fact Sheet



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OwnPlace Affordable Housing Program A Successful Model



A range of delivery methods have been used

- Over the 10 years of the AHAP various delivery models have been utilised these include:
- Moderate income land ballots – affordable blocks offered to eligible purchasers via a restricted ballot process;
- Land Rent – purchasers “rent” the blocks from the ACT Government with the option to purchase in time;
- Builder packages – Package lots of compact blocks offered with a requirement to sell built product as affordable housing;
- GJV flexi-living – affordable product; and
- OwnPlace.



What was OwnPlace?



- Broad integrated response that was policy led, industry driven and market owned as an output of the ACT Government's Affordable Housing Action Plan.



- The former Land Development Agency (LDA) and a select panel of builders partnered together to provide high quality house and land packages priced \$373,000 and under for sale in new LDA estates.



What was OwnPlace?



- As part of the LDA's commitment to delivering integrated communities, at least 15% of blocks in new residential estates were sold as quality house and land packages.
- The OwnPlace blocks were master planned into LDA communities.
- Purchasers had the choice between two housing types – Detached Housing and Attached Housing.



Objectives



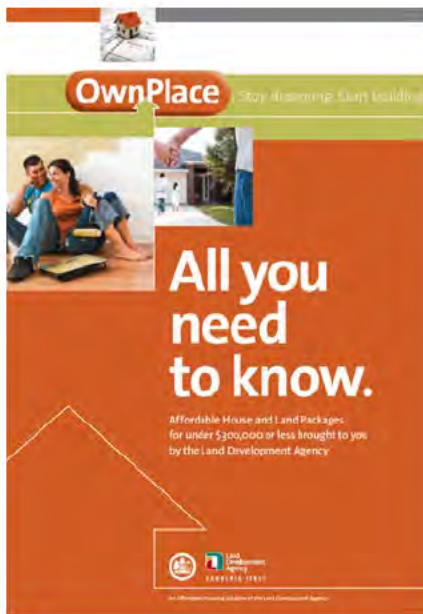
- Maximise efficiency
- Shared responsibility
- Quality - not cheap housing
- Integrated into masterplans
- No market distortion
- 15% of homes in new estates to be between \$200k-\$373k
- Introduced new housing types, and planning controls – Compact Housing Code
- Provided market stability
- Apply stamp duty concessions



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OwnPlace Approach



- Minimise costs through increased efficiency
- Reduced approval times
- Competitive partnership process
- Economy of scale
- Minimise land holding costs
- Leverage off ACT Treasury Stamp Duty concession
- Develop new housing types
- Integrate and standardise new blocks
- Reduced whole of life costs
- Simplify messages



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Salt and Pepper Approach



LEGEND

- Low density residential (20 Doha)
- Medium density residential (40 Doha)
- Multi-unit Residential (40 Doha)
- Local Centre
- Community Facility
- Telecommunication Facility
- Urban Open Space
- Play Equipment
- Viewing Picnic Area
- Pedestrian Routes
- Stage Boundary
- OwnPlace



BONNER
OwnPlace



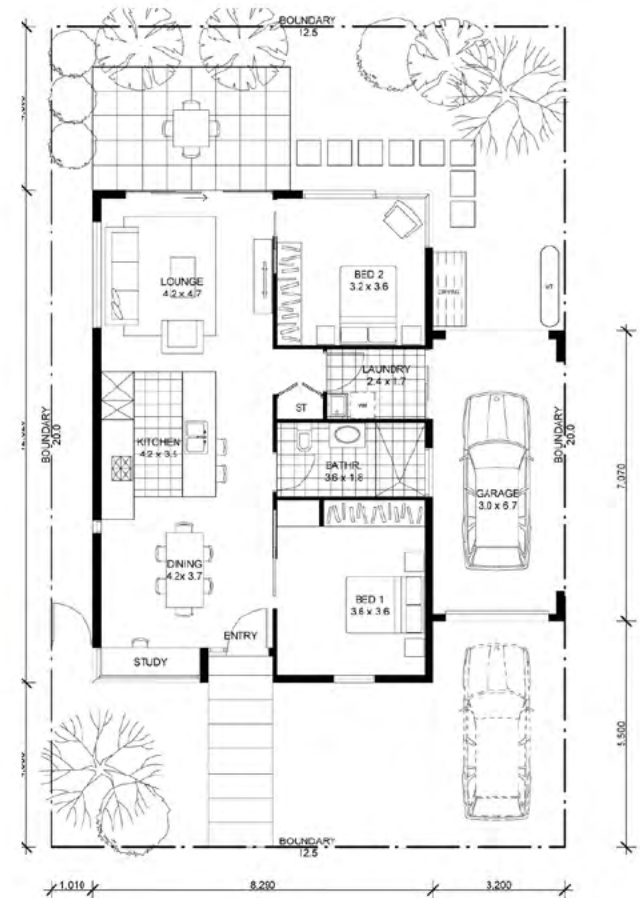
DATE: 11/08/2008



OwnPlace Approach – New Housing Type



Cottage Home – detached dwelling on 250m² block

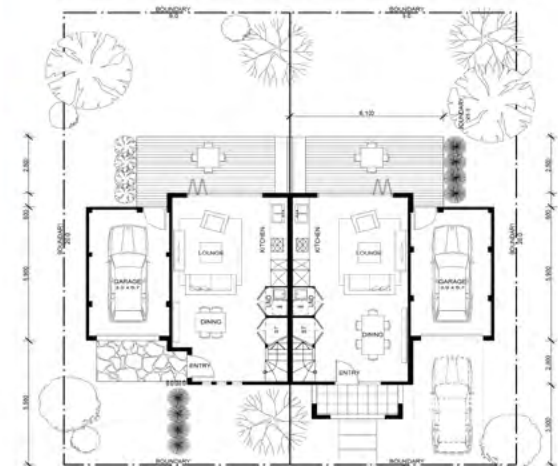




OwnPlace Approach – New Housing Type



Duplex Home – attached dwelling on 180m² block





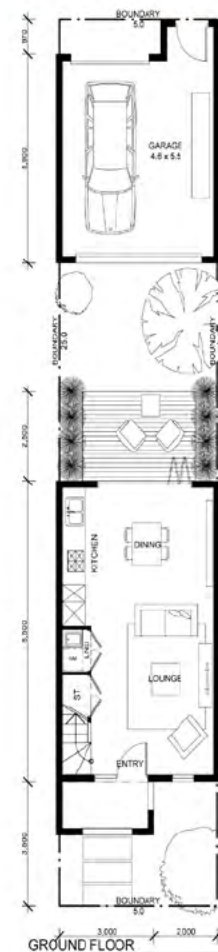
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OwnPlace Approach – New Housing Type



Terrace Home – attached 2 storey dwelling
on 125m² block





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Quality Finish





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Quality Finish





OwnPlace Approach



- **Maintain Quality**
 - Participation Deed with partner builders
 - On the ground monitoring
 - Agency checks designs
- **Customer friendly**
 - Ready to live in
 - Thermal and solar efficiency
 - Marketing guidelines
- **Sales at market valuation**
 - Need to brief valuers
 - Maintain supply



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OwnPlace Brand and Promotion



OwnPlace Stop dreaming. Start building.



Expressions of Interest

Participation in Builders' Panel

The Land Development Agency (LDA) is seeking Expressions of Interest (EOI) from suitably qualified builders with appropriate capacity and expertise to participate in the construction of residential homes as part of the LDA's OwnPlace Program.

To support the ACT Government's Affordable Housing Action Plan the LDA intends to select a panel of builders from respondents to this EOI to construct affordable housing as part of its new OwnPlace Program. This EOI represents an exciting opportunity for the private construction sector to participate with LDA on a preferred builders panel, which may be responsible for the design approval, construction, marketing and sale of up to 15% of new homes in LDA's estates.

Submissions must be lodged no later than 3pm on 8 May 2008.

To obtain the Expressions of Interest package contact:
Clint Peters
Land Development Agency
21 Wentworth Avenue, Kingston, ACT 2604
Phone: 02 6205 2461
Email: clint.peters@act.gov.au




OwnPlace

Yarralumla Nursery

You're entitled to... \$200

To: _____
Block: _____ Section: _____ Suburb: _____

Obtain your 1,000 worth of points, please contact 0800 62 2222 within 60 days from the date of issue. This offer is not transferable and is not redeemable for cash. The points are only valid if obtained by the purchase of flowers at the Yarralumla Nursery Sales Centre.

Issue Date: ____/____/____
Serial Number: _____

Yarralumla Nursery 2166 Sturt Street, Yarralumla ACT 2600
Open 7 days a week - 9.30am - 4.30pm Phone (02) 6207 2454

OwnPlace Stop dreaming. Start building.



New house and land packages for under \$300,000

The OwnPlace program is an innovative project in response to the ACT Government's Affordable Housing Action Plan. The Land Development Agency (LDA) and a select panel of Builders have partnered together to provide affordable house and land packages, priced under \$300,000, for sale in new LDA estates.

These new homes are master planned into LDA land developments, priced as a part of the LDA's commitment to delivering integrated communities. At least 1% of each of the new greenfield releases will be used for affordable housing. This includes over 180 house and land packages in the LDA's estates of Tranbin and Bonner over the coming year.

Thanks to the OwnPlace initiative you now have the unique (and rare) chance of LDA's new developments giving you the opportunity to purchase the home of your dreams.

The LDA, in conjunction with builders on the OwnPlace panel, will provide you the design quality and price of the OwnPlace house and land packages available in LDA estates. The first of the house and land packages is now available direct from the following builders:








Note: The sale of OwnPlace house and land packages is available to those people who meet the eligibility criteria as detailed in the Buyer Expression Scheme.

For more information regarding OwnPlace please visit www.lda.act.gov.au





Testimonials and Media Coverage



‘Without this sort of opportunity we would have struggled....’

Canberra Times, 4 August 2009

‘...this is a wonderful scheme and a dream come true for me’

OwnPlace Purchaser, 2 September 2009

‘The scheme has also helped first homebuyers to enter the market...’

Canberra Times, 22 March 2009



‘We have a number of our members enthusiastically involved in building OwnPlace housing...’

John Miller, Executive Director MBA ACT, 12 March 2009

‘...a sense of community is being encouraged...’

OwnPlace Purchaser, 1 September 2009



Results



- Over 454 homes sold
- Received Housing Affordability Funding grant
- Industry now approaching the Agency to participate
- Strong positive feedback from purchasers
- Over 5,000 registered on database at close of program



Alternative Delivery Methods Trialled



- The former LDA trialled an industry led delivery model where packages of compact blocks were sold to builders under Performance Delivery Agreements
 - required them to sell at, or under, the affordable threshold.
- Results
 - Some good product,
 - In most cases lack of accountability resulted in poor design outcomes
 - Lack of quality finishes.



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Housing Targets by Suburb and Individual Site, according to ministerial responsibility

| Suburb | Block/Section or Location Description | Public Housing Sites | Community Housing Sites | Affordable Home Purchase Sites | Total Sites |
|---|--|-----------------------------|--------------------------------|---------------------------------------|--------------------|
| Urban renewal precinct (Chief Minister) | | | | | |
| Lyneham | Block 12, Section 50 | | | 50 | 50 |
| Urban renewal other than in an urban renewal precinct (Minister for Urban Renewal) | | | | | |
| Gungahlin Town Centre | Block 3, Section 246 | | | 5 | 5 |
| Gungahlin Town Centre | Block 4, Section 246 | | | 5 | 5 |
| Belconnen Town Centre | Blocks 40,41, Section 54 | | | 3 | 3 |
| Lyons | Block 1, Section 53 | | | 70 | 70 |
| Scullin | Section 43, blocks 20 and 24 | | 15 | | 15 |
| Giralang | Block 8, Section 76 | | 5 | | 5 |
| New suburbs (Minister for Housing and Suburban Development) | | | | | |
| Taylor | Taylor 2 | 28 | | 139 | 167 |
| Coombs | Block 1, Section 11 | | | 20 | 20 |
| Coombs | Block 5, Section 2 | | | 20 | 20 |
| Wright | Blocks 1,2 and 3 Section 64 | | | 31 | 31 |
| Wright | Various Single Residential | | | 25 | 25 |
| Whitlam | Stage 1 | 32 | | 44 | 76 |
| Strathnairn | TBC | | | 60 | 60 |
| Total Sites | | 60 | 20 | 472 | 552 |



WHAT IS THE ACT LAND RENT SCHEME?

The Land Rent Scheme is an ACT Government initiative to increase access to affordable home ownership. The main purpose of the scheme is to reduce the entry costs and mortgage payments for homeowners. The scheme is also expected to be used as a means for people to advance their entry into homeownership, by saving to buy the land outright in the future while paying land rent.

Under the scheme, lessees rent the land from the Government. They are required to pay the Government land

rent, calculated on the unimproved value of the block of land. Lessees are required to construct a house on the land within two years of the lease being granted.

The scheme allows a person to lease the land rent block of land on an ongoing basis or to convert the land rent lease to a traditional Crown Lease at a later date, effectively purchasing the land from the Government at that time. Land Rent is not a 'rent to buy' scheme.

WHAT ARE THE DIFFERENT TYPES OF LAND RENT?

Initially the Land Rent Scheme was open to all purchasers with the rate of land rent payable determined by household income and other eligibility criteria. Changes were made to the scheme in October 2013 meaning that entry to the

scheme in new Suburban Land Agency estates will only be available to eligible purchasers.

The table below illustrates the differences between the 'Old Scheme and the 'New Scheme'.

| | OLD SCHEME | NEW SCHEME |
|---|--|---|
| Applies to land released | Before 1 October 2013. | On or after 1 October 2013. |
| Included suburbs | Bonner, Coombs, Dunlop, Franklin, Harrison, Jacka and Wright (available from original purchaser eg. House and land packages). | Moncrieff, Taylor, Throsby and New estates or from the original purchaser. |
| Who is eligible at the standard (4%) rate? | Anyone can buy a property under the 'old scheme' and rent at the 4% rate. | No one – land rent properties subject to the 'new scheme' can only be owned by households qualify for the discount rate. |
| Who is eligible for the discount (2%) rate | Persons that meet the following eligibility criteria: <ul style="list-style-type: none"> • Lessee(s) income does not exceed \$94,500[1]. • Lessee(s) must reside in property. • Lessee(s) cannot own other real estate. | Persons that meet the following eligibility criteria: <ul style="list-style-type: none"> • Household income does not exceed \$160,000[1]. • Lessee(s) must reside in property. • Lessee(s) cannot own other real estate. |
| Ability to move between standard rate and discount rate | Lessees can move between the standard rate and discount rate (and vice versa) as circumstances change. | If a household ceases to be eligible for the discount rate, they are required to convert to a standard Crown Lease or transfer the Land Rent Lease. |
| Special conditions regarding transfer of lease | None | Land Rent Lease can only be transferred to other purchasers that are eligible for the 'new scheme'. |

LAND RENT ELIGIBILITY – FROM 1 OCTOBER 2013

For land rent leases entered into on or after 1 October 2013, applicants must meet the Discounted Land Rent Eligibility Criteria.

To be eligible for Land Rent, your total gross income must be assessed by the ACT Revenue Office and must not exceed the income threshold of \$160,000. Income is calculated on a household basis (that is, the income of a lessee and their domestic partner), and includes income from all sources, such as a second job, salary packaging benefits and short term higher duty payments. The income threshold is increased by \$3,330 for each dependent child.

In addition to the eligibility criteria, in order to enter into a Land Rent contract buyers will be required to:

- obtain legal advice on the contract and provide a Statutory Declaration witnessed by their solicitor declaring they understand the contract and their rights and obligations;

- obtain financial advice and provide a certificate from a qualified financial advisor or practising accountant confirming they have received this advice;
- complete an application including a Statutory Declaration confirming they believe they meet the eligibility criteria;
- provide proof of attendance at the Canberra Institute of Technology (CIT) Land Rent Information Session; and
- pay a \$2,000 security bond that will be credited towards their land rent payments at settlement.

The contract with the Suburban Land Agency will be conditional upon the ACT Revenue office confirming that the buyer meets the eligibility criteria.

LAND RENT INFORMATION SESSION

Prior to entering the Land Rent Scheme, you are required to attend an information session at the CIT. This session will provide you with further detail on the scheme and allow you to ask questions.

To make a booking or for further information on the information sessions send an email to infoline@cit.edu.au or phone [02 6207 3188](tel:0262073188).

FURTHER INFORMATION

For more information about the Land Rent Scheme visit the Economic Development Directorate's (EDD) website at www.economicdevelopment.act.gov.au/affordable_housing/land_rent



FOR NOTING

| Meeting | Board | Audit & Risk Committee | People & Transition Committee |
|-------------------|--|------------------------|-------------------------------|
| Date of Meeting | 26 February 2019 | N/A | N/A |
| Meeting No. | 23 | N/A | N/A |
| Agenda No. | 6.5 | N/A | N/A |
| Title | Affordable Housing Issues | | |
| Purpose | This paper is to provide the Board with information on a number of issues in relation to delivery of affordable housing. | | |
| Paper Prepared by | Privacy [REDACTED] | | |
| Paper Approved by | Neil Bulless, Deputy Chief Executive Officer | | |

| | |
|----------------|--|
| Recommendation | The Board is asked to note the information outlined in this paper. |
|----------------|--|



Executive Summary

1. The Suburban Land Agency has been working with the Environment, Planning and Sustainable Development Directorate (EPSDD) to deliver housing targets and implement the affordable home purchase initiative.
2. As part of this process, the Suburban Land Agency has recently identified a number of issues. Some of these are policy matters that relate to the *ACT Housing Strategy* and have consequently been referred to EPSDD for further consideration. In particular, advice has been requested on the application of the portfolio Valuations Policy to affordable housing.
3. In addition, there are also a number of issues relating to procedures and implementation. In particular, there are challenges associated with the delivery of the 2018-19 housing targets in Taylor. There are also future resourcing issues for the Suburban Land Agency associated with database management, customer liaison, and compliance.
4. A recruitment process is already progressing for an ASO 6 affordable housing project officer, to support the Suburban Land Agency in implementing the affordable home purchase initiative. However, our analysis indicates that further Full Time Equivalent (FTE) will be required. EPSDD has been asked to consider supporting additional FTE for the Suburban Land Agency.
5. The Board is asked to note the information outlined in this paper, in particular the challenges associated with delivery of affordable housing. The Board is asked to support further discussions with Community Housing Providers and support the establishment of a builders' panel for the delivery of affordable housing in Taylor. The Board is also asked to support additional FTE for the Suburban Land Agency to be included in our 2019-20 budget for the ongoing implementation of the affordable home purchase initiative.

Issues

6. EPSDD has policy responsibility for affordable housing. This includes implementing the *ACT Housing Strategy* and setting housing targets each financial year.
7. Under the *City Renewal Authority and Suburban Land Agency Act 2017*, housing targets are established each financial year through a Notifiable Instrument. In previous years, the targets have been developed on a site by site basis. From 2019-20 onwards, the housing targets will be aligned to the Indicative Land Release Program (ILRP). The *ACT Housing Strategy* requires that 15% of the overall ILRP be allocated to affordable, public and community housing. A draft process chart outlining the steps that should be involved in developing the ILRP and housing targets is at Attachment A. The process chart is currently subject to discussion with EPSDD to inform the process for next year.
8. To support delivery of the *ACT Housing Strategy*, EPSDD has been developing an Affordable Housing Policy Framework and Standard Operating Procedures. EPSDD has established an Affordable Home Purchase Database (database), where eligible buyers can register their interest. Buyers will then be able to enter a ballot to purchase a property at the affordable price thresholds. The 2018-19 thresholds are:
 - a. Up to 80m² - \$330,000
 - b. Between 80m² and 105m² - \$381,000
 - c. Greater than 105m² - \$434,000



9. EPSDD will retain policy responsibility for the affordable home purchase initiative, however in mid-2019 the Suburban Land Agency will become responsible for managing the database.
10. In recent discussions with EPSDD, the Suburban Land Agency has identified a number of issues relating to delivery of the housing targets and the affordable home purchase initiative. These issues are outlined below and in the Gantt chart at [Attachment B](#).

Policy Matters

Market Factors and Capacity of Buyers to Purchase

11. The Suburban Land Agency has advised EPSDD that there may be a number of market factors which could affect the delivery of affordable housing. These include: the softening of the housing market and the impacts of credit availability. There are risks that builders will not purchase blocks in the current market capable of facilitating an affordable product and that eligible buyers (who must have a maximum income of \$100,000 without dependents) are not be able to obtain finance given more rigorous assessment and loan servicing processes.

Application of Thresholds

12. The affordable housing price thresholds can be more easily met in multi-unit developments, as the cost per dwelling for the developer is lower than single residential blocks.
13. It is evident that the maximum price threshold of \$434,000 cannot provide for an affordable house and land package on certain single residential blocks. While some risks of meeting the thresholds associated with site establishment costs, such as retaining walls or benching, can be managed through site selection, given the steep and more challenging topography of many Greenfield sites in the ILRP this will not always be a viable solution.
14. Other possible solutions to manage the delivery of single residential affordable housing include: establishing greater control over built form or changes to the current land pricing methodology.

Valuations

15. The Suburban Land Agency currently undertakes valuations in accordance with the Valuations Policy that applies to the EPSDD portfolio. The Valuations Policy currently does not include guidance about valuation of blocks that are sold for affordable housing.
16. The Suburban Land Agency has considered issue and noted that valuations could:

- a. *Be undertaken with conditions in place, such as the instruction that the end product must be delivered to a certain specification and at a certain threshold.*

This essentially results in an adjustment to the price of the land based on the affordable housing requirements. This could potentially result in a windfall gain if the purchaser was to sell the land for a non-affordable housing value at a later date. One possible solution to address the risks of windfall gain is to restrict the future sale of the block of land, through lease conditions or a caveat on the title. This approach would likely require both Treasury and Cabinet support.



- b. *Be undertaken without any additional conditions or requirements being advised.*

However, if valuers are instructed to disregard the affordable housing requirements, and therefore provide market valuations in line with similar blocks that are not subject to affordability requirements, land values may simply be too high to allow builders to deliver products at even the highest price threshold.

17. EPSDD has been asked to consider this and provide advice on the Valuations Policy and need for Cabinet advice.

Meeting the Needs of Eligible Buyers

18. There is a risk that the products being delivered through this initiative will not meet the requirements of eligible buyers in terms of location or the number of bedrooms in the properties currently available. The Suburban Land Agency has requested that EPSDD undertake and provide detailed analysis of registered and eligible buyers and their preferences in order to inform future delivery of affordable housing.
19. Once the Suburban Land Agency becomes responsible for managing the database, we would propose to undertake this analysis going forward.

Procedural and Implementation Matters

Delivery of 2018-19 Targets

20. There are short term challenges associated with the delivery of the 2018-19 targets. There are 129 single residential sites (non-land rent blocks) identified as affordable, to be released in Taylor in approximately April 2019.
21. Analysis has been undertaken that indicates it may be difficult for the affordable housing thresholds to be achieved on these sites, due to the cost of land (with some blocks being impacted by the topography of the remaining stages of Taylor, which would need to accommodate affordable releases). This is further explored below.
22. The Suburban Land Agency is exploring a number of possible short term solutions for the Taylor sites including:
 - a. Offering blocks of land to Community Housing Providers (CHPs) – while this is not identified as a release outcome in the current Notifiable Instrument, it could address a number of issues. This is outlined in further detail at Attachment C;
 - b. Establishing affordable built form and releasing sites in packages – this will ensure control over built form quality and support economies of scale. This is outlined in further detail at Attachment D; and
 - c. Releasing sites as packages without a panel arrangement, but with specifications, to assess how the market responds to the offering.
23. Options 'a' and 'b' both could ensure a better quality outcome in terms of built form quality and improving the likelihood of achieving the intent of affordable dwelling targets in the current market.

Identification of Affordable Housing Blocks

24. The blocks to be set aside for affordable dwellings must be considered as part of estate planning to ensure the correct mix is delivered. The Suburban Land Agency currently identifies specific sites for affordable housing in determining the product mix and sales program for new communities.



25. The Suburban Land Agency has identified the need to develop a more robust process to support the design and allocation of affordable, public and community housing sites in new developments. While historically the identification of smaller blocks has been adequate, there is now a need to consider alternative options in response to new market conditions. The Suburban Land Agency's Sustainability and Release Coordination Team has commenced work on developing a process, in discussion with EPSDD and Housing ACT.

Database Management and Customer Liaison

26. Management of the database for the affordable home purchase initiative is expected to be transferred to the Suburban Land Agency in mid-2019.
27. Experience from previous affordable housing delivery models, such as OwnPlace, suggests that there will be a significant customer liaison role required in managing the database and addressing customer concerns and queries. The Suburban Land Agency currently does not have capacity within its existing Sales or Sustainability teams to take on additional customer service responsibilities. There is expected to be workload for at least one to two additional FTEs involved in managing customer and builder liaison. This request will be discussed at the People and Transition Committee and if endorsed included in future budget recommendations to be made to the Board in March 2019.

Compliance

28. There is a risk that if compliance is not checked, builders may deliver poor quality design or built form outcomes in order to meet the price thresholds.
29. A prescriptive inclusions list and specifications are required to ensure minimum compliance is achieved. Specifications for affordable housing in multi unit dwellings are already included in Project Delivery Agreements. The Suburban Land Agency has recently developed a specification for single residential dwellings.
30. There is a significant volume of work involved in checking Development Applications for multi unit sites with affordable housing requirements. However, a compliance function needs to be established for reviewing plans for single residential sites, and for inspecting the compliance of the built form that is delivered as part of this initiative (in either multi-unit or single residential sites).
31. Based on the experience of the Public Housing Renewal Taskforce within EPSDD the Suburban Land Agency has determined that the required resourcing for a compliance function is two dedicated FTE.

Legal Advice Received

32. No legal advice has been received in relation to this issue. Advice relating to contractual arrangements and release methodologies will be sought in due course.

Financial Impacts

33. The implementation of affordable housing may have financial implications, particularly if further FTEs are required or if there are changes to revenue as a result of changes to valuations.

Impact on Indicative Land Release Program

34. The delivery of affordable housing relates to the ILRP as the *ACT Housing Strategy* suggests that 15% of the overall ILRP each year will be delivered as affordable, public



and community housing. Release of affordable housing counts towards overall releases in accordance with the ILRP.

Risks

35. Risks relating to affordable housing delivery and possible mitigation measures are outlined above. These risks relate to the ability of the Suburban Land Agency to deliver its non-financial objectives.

Consultation and Engagement

36. Informal discussions have been held with EPSDD's Affordable Housing team about some of the issues outlined in this brief.
37. Informal discussions have also been held with Housing ACT in relation to establishing processes for identifying sites for public housing.

Attachments

- Attachment A – Suburban Land Agency ILRP and Housing Target Process Chart Draft
- Attachment B – Affordable Housing Gantt Chart
- Attachment C – Releasing Sites for Community Housing
- Attachment D – Establishing Affordable Built Form

Out of scope

Implementation Timeline - Affordable Housing

Period Highlight: 2

| PERIODS | | | | | | | | | | | | | |
|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|---------|----------|
| 2019 | | | | | | | | | | | | | 2020 |
| January | February | March | April | May | June | July | August | September | October | November | December | January | February |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |

| ACTIVITY | PLAN START | PLAN DURATION | ACTUAL START | ACTUAL DURATION | PERCENT COMPLETE |
|---|------------|---------------|--------------|-----------------|------------------|
| Finalise Housing Targets for 2019-20 in liaison with EPSDD | 1 | 4 | 1 | 2 | 20% |
| Recruit ASO 6 affordable housing project officer | 1 | 3 | 1 | 2 | 40% |
| Seek further advice from EPSDD on applying the Valuations Policy to affordable housing | 1 | 2 | 2 | 1 | 100% |
| Seek valuations for affordable housing blocks for 2018-19 in accordance with EPSDD advice | 2 | 2 | | | 0% |
| With EPSDD, confirm capacity and interest of Community Housing Providers for single residential affordable housing blocks in Taylor | 2 | 2 | | | 0% |
| If possible, release blocks to Community Housing Providers via Expression of Interest | 3 | 4 | | | 0% |
| Development of Design Brief (DB) for Affordable Housing | 1 | 2 | 1 | 2 | 50% |
| Due diligence (Quantities and Estimates, site assessment, method of release, peer review of DB) | 2 | 2 | 2 | 2 | 25% |
| Commence discussions with procurement on built form requirements | 2 | 1 | 2 | 1 | 0% |
| Seek external legal advice in relation to contractual arrangements and release methods for built form | 2 | 2 | | | 0% |
| Commence industry liaison and engagement with relevant industry groups for built form | 2 | 5 | | | 0% |
| Establish built form in conjunction with procurement (including Government Procurement Board approval, RFT documents and panel deeds) | 2 | 5 | | | 0% |
| Establish resourcing requirements for management of built form including FTE and project team structure | 2 | 5 | | | 0% |
| Take responsibility for managing the Affordable Home Purchase Database | 4 | 4 | | | 0% |

Legend

- Plan Duration
- Actual Start
- % Complete
- Actual (beyond plan)
- % Complete (beyond plan)

Releasing Sites for Community Housing

Out of scope

Out of scope

Establishing Affordable Built Form

Out of scope

Out of scope

Out of scope

SUBURBAN LAND AGENCY

Board Strategy Day

October 2019

6. Consider Initiatives

Built Form Business Model



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What is the future of our business?





“Creating great places where communities thrive”

City Renewal Authority and Suburban Land Agency Act 2017

- Affordable Living, Social Inclusion, Housing Choice, Environmental Sustainability
- Operates effectively to deliver value for money, provide public, private, affordable and community housing supply, supports Whole of Government strategies

Minister’s Statement of Expectations

- Continuous improvement
- Community building and implementing the Housing Strategy

2019-20 Statement of Intent

- Priorities are innovation, customer focus, government partnerships
- Industry partnerships, product innovation, zero emissions developments, affordability

Other Policies and Strategies: Balanced Scorecard, Sustainability Strategy, Future Innovation Framework

- Product Innovation, Display Village or demonstration project to showcase sustainable building design, whole-of-life costs and renewable energy, social sustainability



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Built Form Program



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What do we mean by 'Built Form'?

Out of scope





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What does a Built Form program involve?

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What does a Built Form program involve?

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Key questions for the Board:

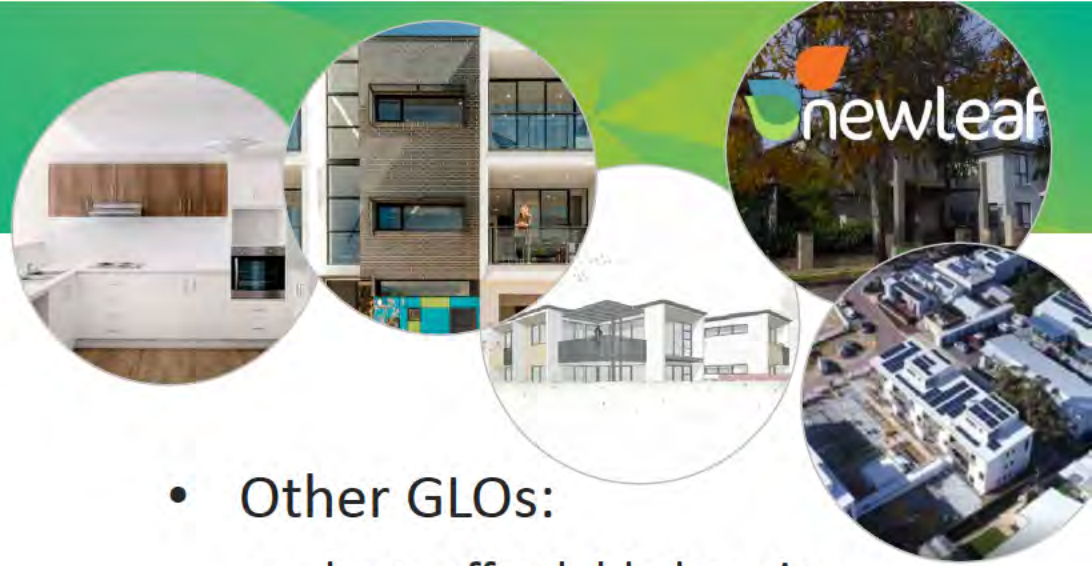
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What are the objectives?

“Creating Great Places Where Communities Thrive”

- To **support** our transition towards place delivery
- To **partner** with Government to **deliver** the ACT Government’s policies, strategies and priorities
- To show **leadership, demonstrate** high quality design and showcase **innovation** in building design and construction
- To demonstrate and deliver **sustainable, liveable, adaptable** and **affordable** homes
- To create **liveable** and resilient **places**
- To **align** with other Government Land Organisations
- To **position** ourselves as a viable business in a changing market
- To **prepare** for future large-scale programs



What are others doing?

- **The ACT Government:**
 - has some demonstration housing projects for planning changes via Housing Choices
 - delivers public housing, and some defence/community housing via Housing ACT and Public Housing Renewal Taskforce
 - runs an Affordable Rental Scheme for older, low income Canberrans via Housing ACT
- **Other GLOs:**
 - have affordable housing projects (such as Landcom's Newleaf)
 - have demonstration housing projects (such as Landcorp's Knustford)
 - deliver significant community projects (such as Renewal SA's Lightsview)



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A Roadmap for Built Form

Purpose

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Translating the Road Map into a Program – what does it look like?

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How would we fund it?

Out of scope





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What do we need to get started? – Resources

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The Built Form team?

Out of scope

Out of scope



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What do we need to get started?

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How will we ensure success?

Out of scope



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Next Steps

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Hypothetical Projects



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Innovation: Build-To-Rent

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Innovation: sustainable energy outcomes

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Customer focus: reducing whole-of-life costs

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Customer focus: affordable housing

Out of scope



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Customer focus: delivering a local centre

Out of scope



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Partnerships: Housing ACT

Out of scope



Partnerships: EPSDD

- partnering with EPSDD to deliver demonstration projects:

Out of scope

Illustrated Affordable Housing Mechanisms

Planning Mechanisms

Out of scope

Voluntary Planning Mechanisms³

Out of scope

¹ Gurran, N., Gilbert, C., Gibb, K., van den Nouwelant, R., James, A. and Phibbs, P. (2018) *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne

² Ibid

³ Ibid

⁴ <http://vparegister.planning.nsw.gov.au/>

Out of scope

Mandatory Planning Mechanisms⁵

Out of scope

⁵ Ibid

⁶ <https://sfmohcd.org/inclusionary-housing-program>

⁷ <https://www1.nyc.gov/site/planning/zoning/districts-tools/inclusionary-housing.page>

Financial Based Mechanisms⁸

Out of scope

Construction Delivery Mechanisms

Out of scope

Out of scope

End User Purchase Mechanisms

Out of scope

⁹ www.keystart.com.au

¹⁰ <https://www.abc.net.au/news/2019-06-02/wa-keystart-program-works-for-first-home-buyers/11164356>

¹¹ www.homestart.com.au

Exemplar Project

Out of scope

Affordable Rental

Out of scope

Out of scope

¹³ <https://assemblecommunities.com/>

Appendix 1¹⁴:

| Location | NSW case study in outer-metropolitan Sydney | VIC case study in middle-metropolitan Melbourne | QLD case study in middle metropolitan Brisbane |
|------------------------------|---|---|--|
| Market/policy context | <h1>Out of scope</h1> | | |
| Funding/financing mechanisms | | | |
| Housing outcomes | | | |
| Project summary | | | |
| Positive vs negative | | | |

¹⁴ Information derived from Randolph, B., Troy, L., Milligan, V. and van den Nouwelant, R. (2018) *Paying for affordable housing in different market contexts*, AHURI Final Report No. 293, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/293>.



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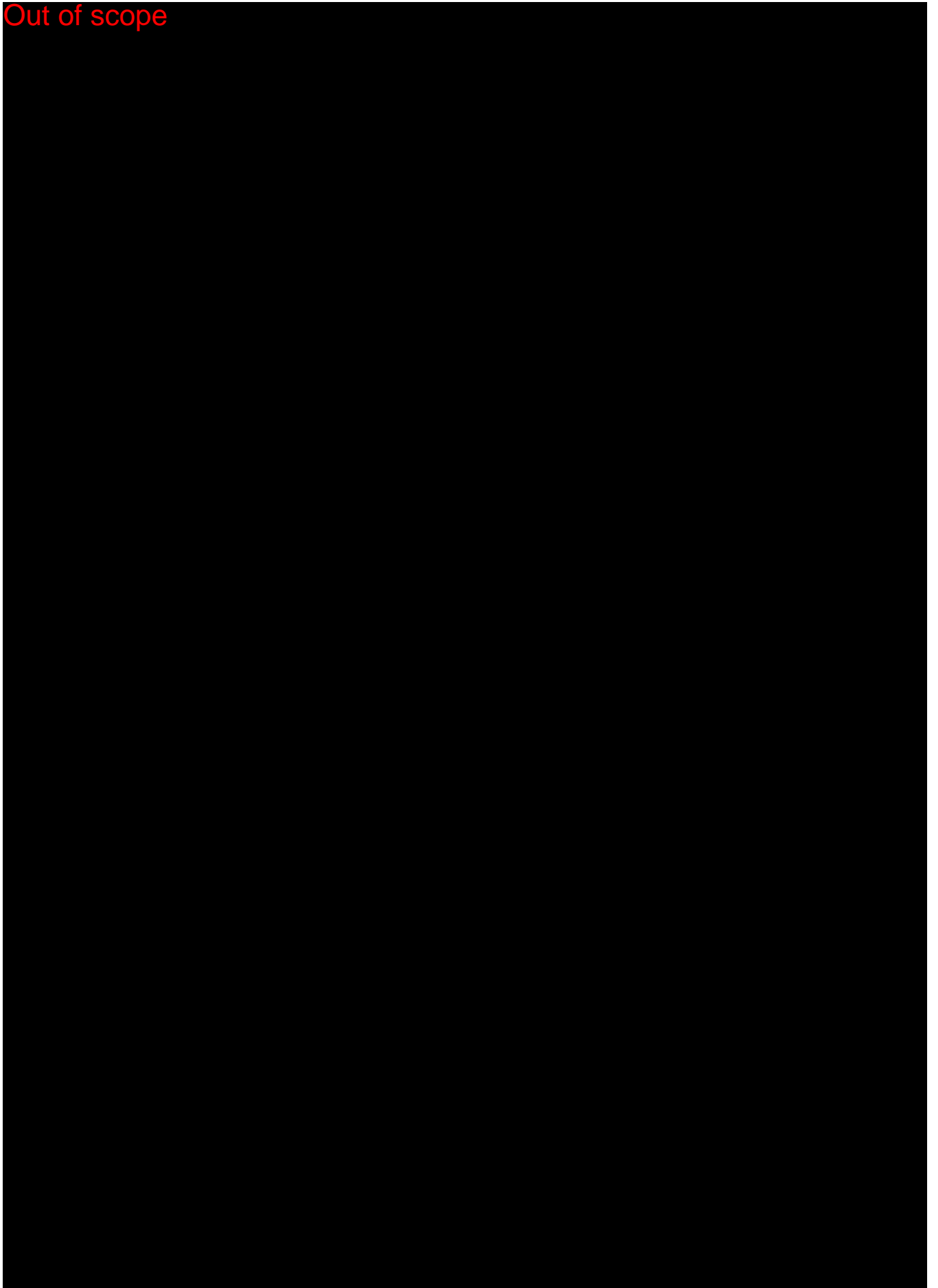
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4.1 Strategic Issues

Mr Holt introduced and discussed the item including:

- Affordable Housing (AH) workshop outcomes 8 May 2020 are noted; and
- draft Agency AH Strategy on-a-page internal document is provided for review with an external stakeholder version in progress.

Privacy discussed the item including:

Affordable Housing (AH) Strategy on-a-page

- priority actions identified in the workshop include affordable living objectives (*City Renewal Authority and Suburban Land Agency Act*), policy drivers (*ACT Housing Strategy*) and deliverable timeframes; and
- secondary indicators will be developed.

The Board considered and discussed the item including:

- AH Strategy on-a-page amendments to include:
 - providing the hyperlinks to the ACT Housing Strategy
 - use of acronyms and dot points so the key objectives are the focus;
 - change outcomes/indicators column to be progress indicators
 - critical to show long-term outcomes;
- the Minister's support would be sought on the Strategy to meet AH responsibilities under the Statement of Expectations (SOE), Statement of Intent (SOI) and ILRP;
- to develop a diagram showing the interdependencies in the delivery of AH across the ACT; and
- managing the financial impact of the development of AH models and timing of delivery in line with the budget.

Action 44.4.1 Management to develop a one-page diagram in consultation with EPSDD, Housing ACT & Treasury, to show the interdependencies in the delivery of affordable housing across the ACT.

The Board **noted** the outcomes of the 8 May 2020 Affordable Housing workshop and **endorsed** the priority actions outlined in the draft Affordable Housing Strategy on-a-page.

Out of scope, Privacy



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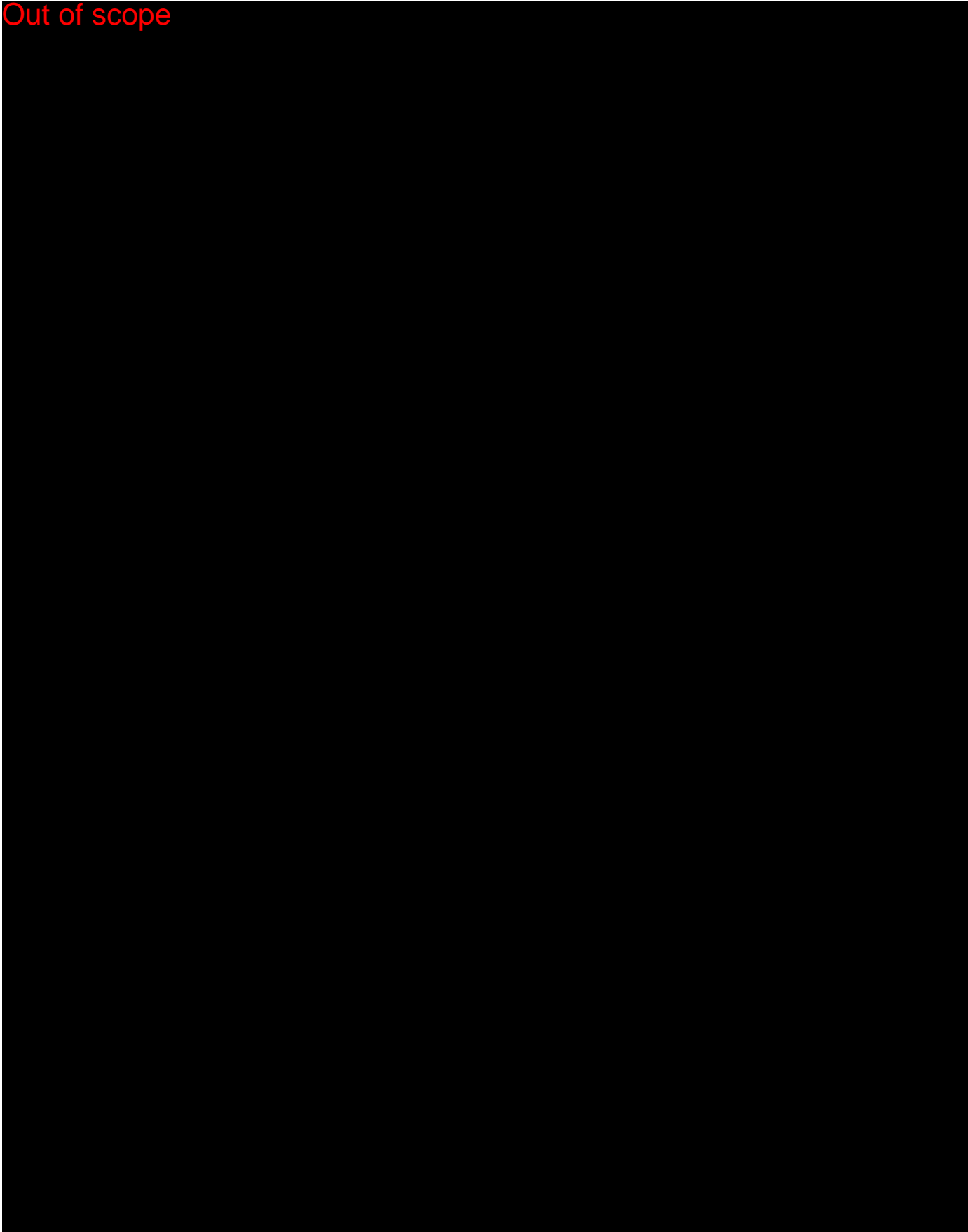
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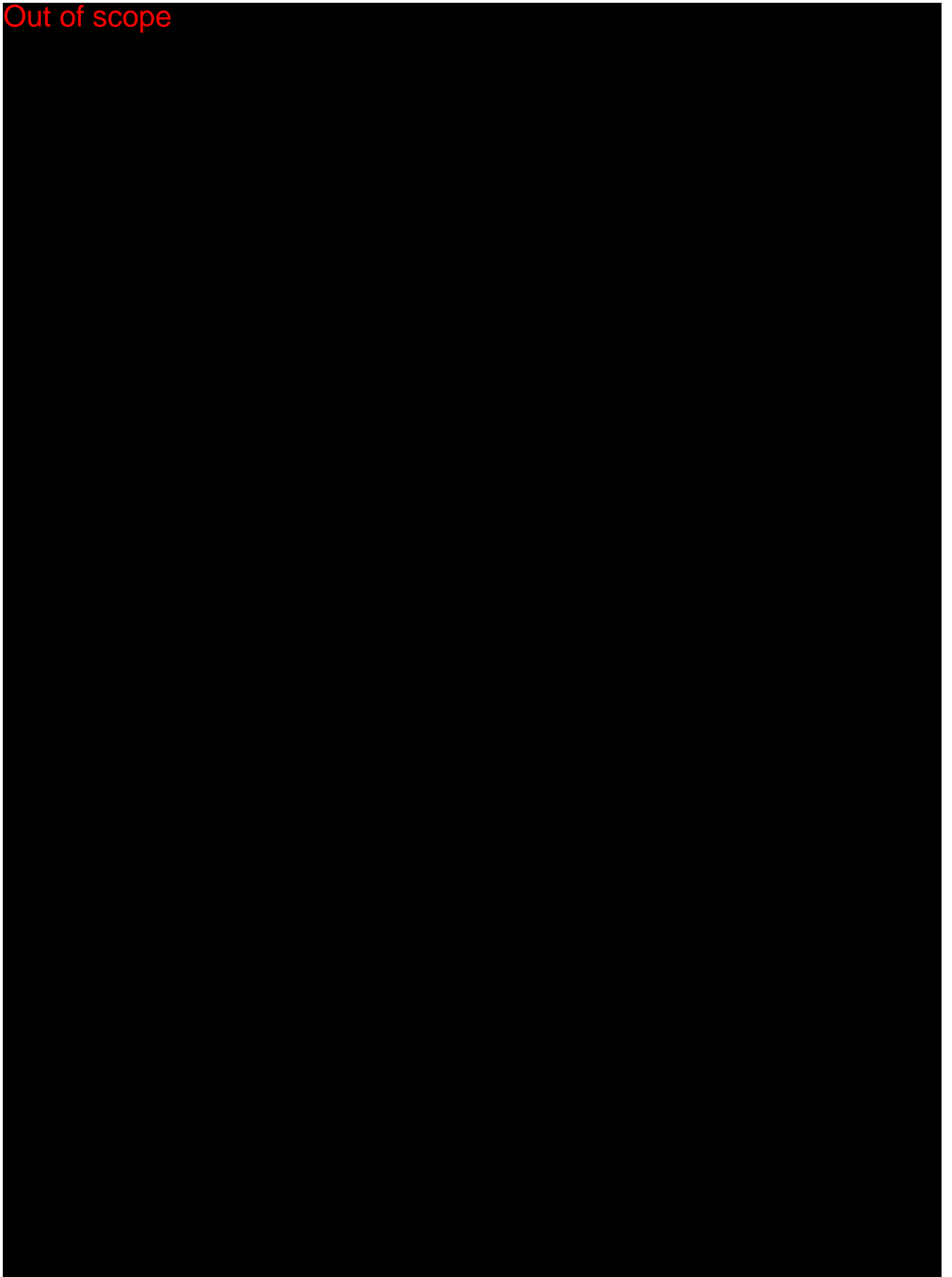
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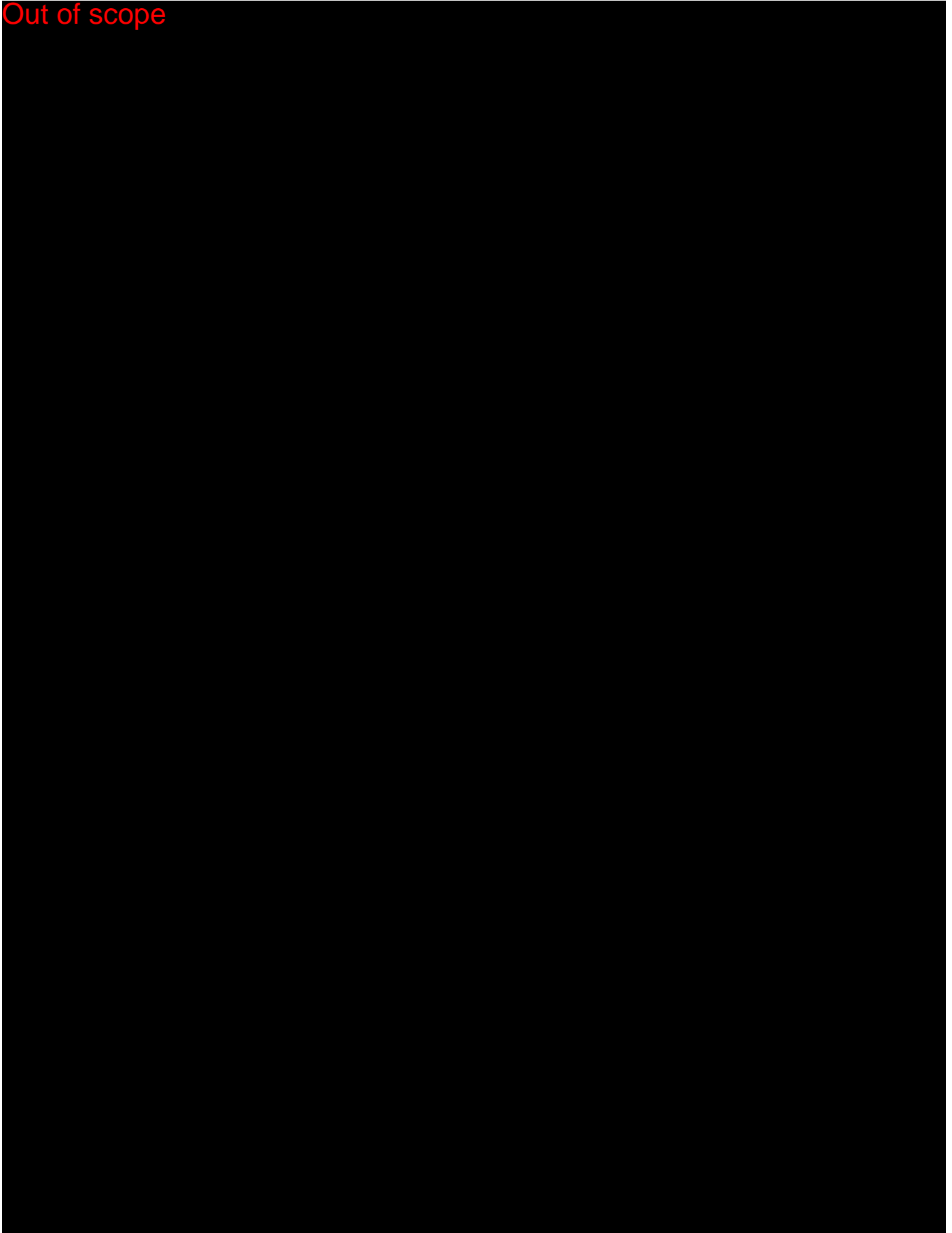
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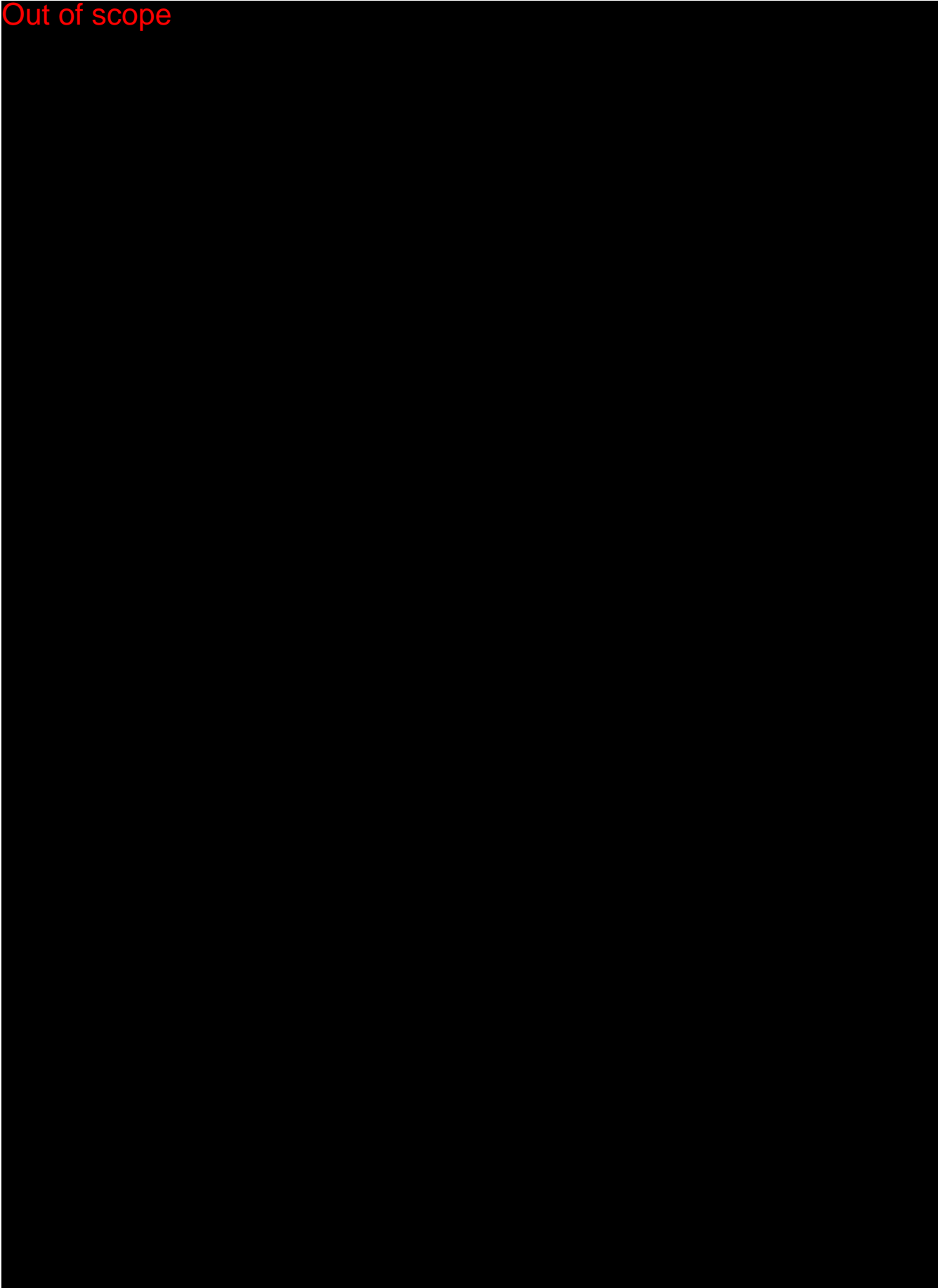
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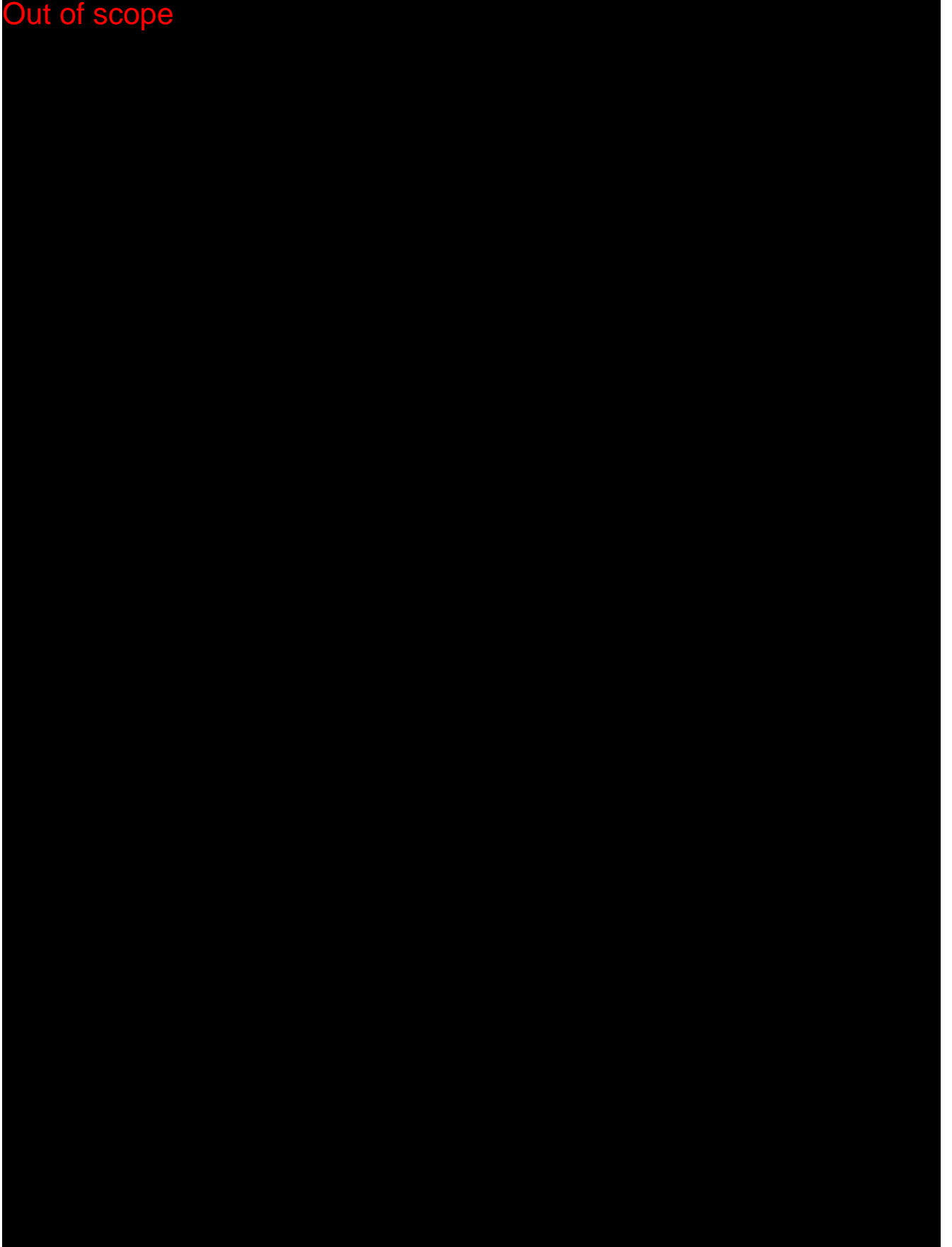
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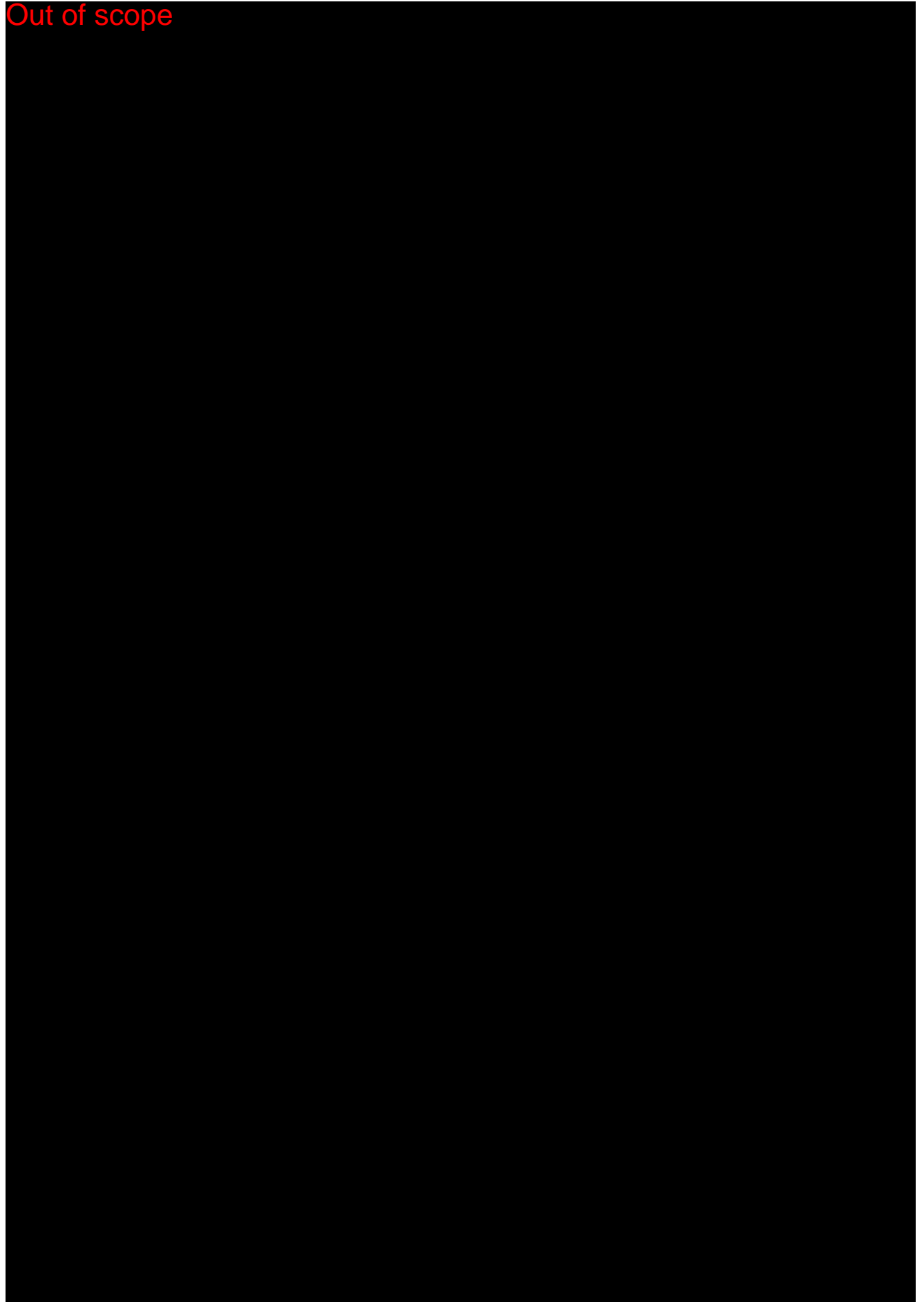
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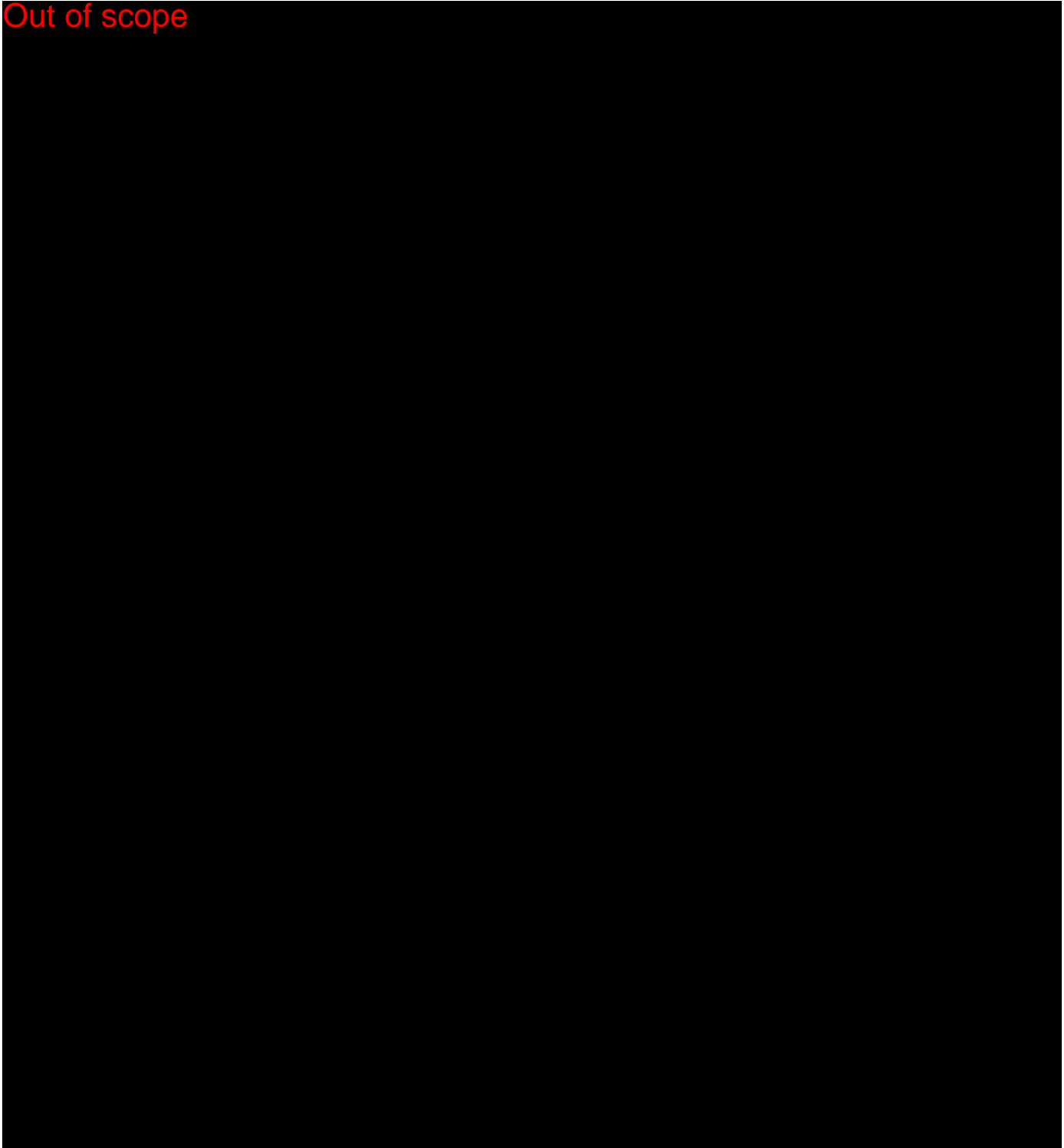
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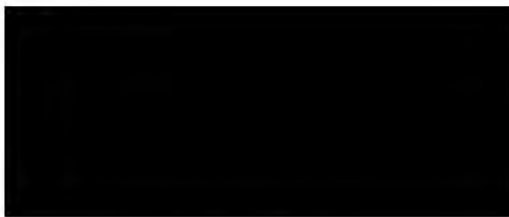
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Close

The meeting closed at 3.25pm.

Signed



Chair: John Fitzgerald

Date: 6 August 2020



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| | | |
|-------------------------------|--|---|
| PROJECT: | Whitlam Affordable Housing Release – June 2020 | |
| MATERIAL/S FOR REVIEW: | Sales Documentation | |
| FROM: | Privacy | |
| DATE SUBMITTED: | 25 June 2020 | |
| FIRST PRESS: | 1 July 2020 | RFT RELEASE: 30 June 2020 RFT CLOSES: 20 August 2020 |

The documents contained in this Sales Package have been compiled by the Suburban Land Agency and the Clayton Utz. The package will be released and used with the purpose to sell the Land. Clayton Utz, under instructions from the Suburban Land Agency, has prepared the Request for Tender and Annexures A – F which includes: Specimen Put & Call Option Deed, Project Delivery Deed, First Grant Contract (Affordable) and First Grant Contract (non-Affordable). They have provided a letter of endorsement confirming the documents suitable for use in the sale of the Land (folder 02). A full list of documents is on page 6.

I draw your attention to the changes, modifications and or inclusions to the standard templates that have been incorporated as part of this sales package below:

1. Request for Tender

- Tenderers are requested to submit a price on one or more of the Affordable Housing Packaged Lots;
 - Each Packaged Lot contains a combination of Affordable and non-Affordable blocks;
 - Tenderers can submit on multiple sites;
 - Assessment of tenders will be a staged process:
 - o Stage 1 - Price: Tenders below reserve price will not be assessed;
 - o Stage 2 – Assessment on: Price, Achievement of Objectives, Work Health & Safety Record and Team & experience;
 - o Stage 3 - Tenderers will be ranked against their preferred Lot
- Successful Tenderer to be awarded up to 10 Packaged Lots;
- Successful Tenderer to be awarded Put and Call Option Deed
- one or more

2. Specimen Put and Call Option Deed

For blocks identified as Affordable:

- The successful tenderer will be required to build in accordance with the Affordable Threshold, Affordable Design Brief and are eligible to claim an \$8,000 Energy Rebate;
- Blocks must be sold for the price submitted in their tender;



- These will need to be sold to eligible buyers from the Affordable Housing Database;
- If a buyer selects a block \$300,000 or under and wish to secure it under the Land Rent Scheme [REDACTED] will also have to demonstrate their eligibility for the Land Rent Scheme;

For non-affordable blocks:

- The successful tenderer can build to their own design and finishes;
- Blocks must be sold for the price submitted in their tender;
- Blocks can be sold as house and land, to any interested buyers;
- The end buyer will be able to claim the \$8,000 energy rebate from the SLA.

3. Specimen Contract for Sale: Affordable Housing

- Cat Containment: The area is likely to be declared a cat curfew area and cats must be contained at all times;
- Works Clause: The Buyer acknowledges that at the Date of this Contract Works have not been completed;
- Alphabetical Identifiers for the Land Clause is included on stage 2 Blocks as numerical identifier has not yet been finalised.
- Verge bond: A bond of \$1,000 is payable as security that the Verge and Assets are in good repair and condition.
- Land Rent Lease Election: The Buyer may make a Land Rent Lease Election if the Price is \$300,000 or less;
- Compliance with Eligibility Criteria: For Buyers selecting Land Rent Lease, they must provide an executed statutory declaration, financial advice certificate, evidence of CIT Land Rent Course attendance, ACT Revenue Office determination.

4. Specimen Contract for Sale: non-Affordable Housing

[REDACTED] addition to the above Clause [REDACTED] Affordable Housing contract [REDACTED]

- Energy Rebate: Buyers can claim an Energy Rebate of \$8,000 if they meet all specified requirements.

5. Specimen Crown Leases

The Specimen Crown Leases will include the 251 restriction, which limits the transfer of the Crown Lease for three years.

These will be issued as an Addendum, due to a delay in securing the Crown Leases before the release date and the Request for Tender has been updated to reflect this.



PROJECT BACKGROUND:

A total of 140 single residential blocks have been identified for this release, which includes 105 Affordable blocks and 35 end-grain blocks which are non-Affordable.

The blocks are across Stage 1 and Stage 2 of Whitlam and range in size from 175m² up to 407m².

They have been released as 19 Packaged Lots and Lots range from 5 blocks up to 10 blocks.

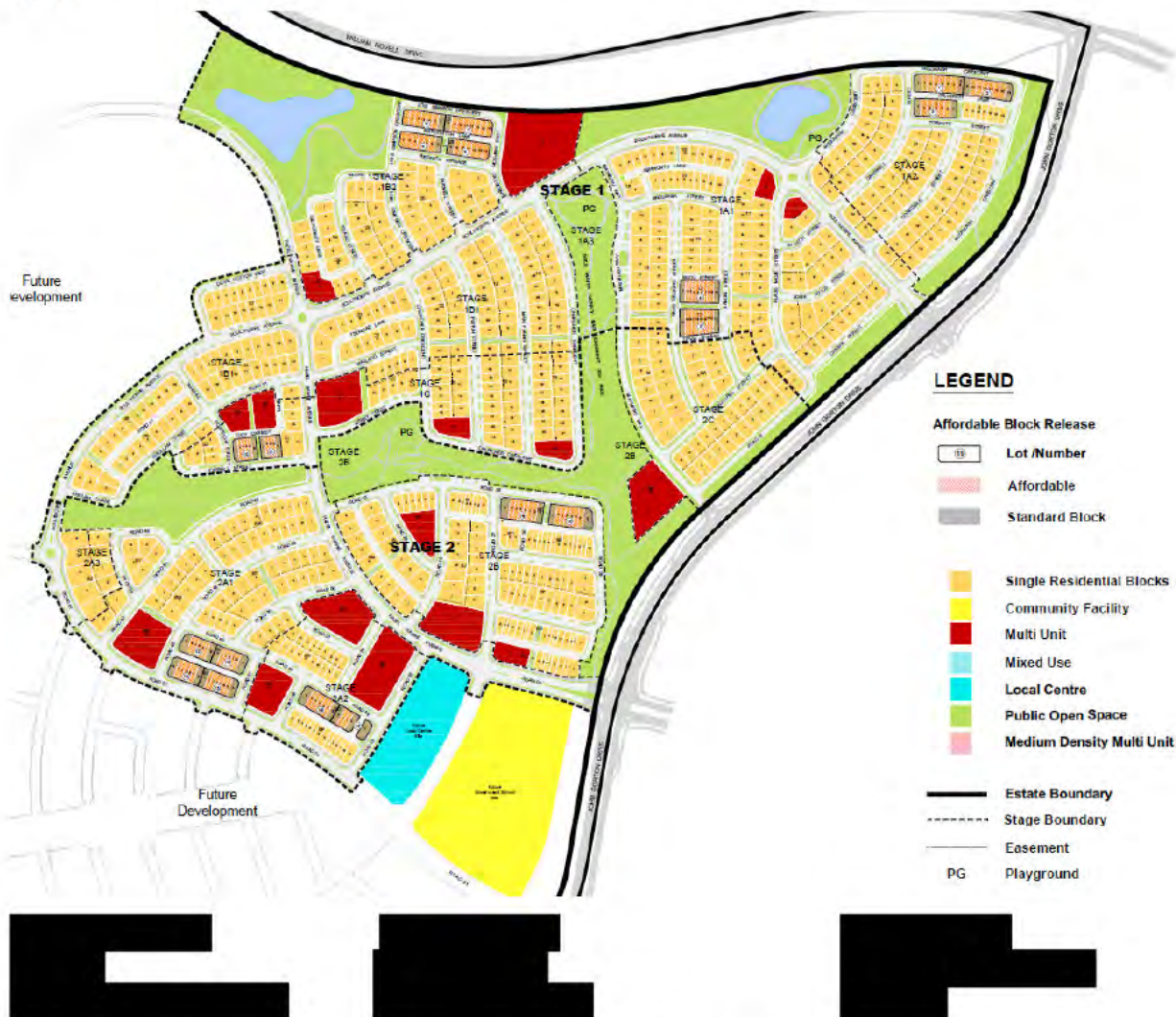
The Energy Rebate requirements have been modified to a reduced Solar PV of 3kw and the Rebate claimable has been adjusted to \$8,000 for blocks in this release.

| Package | Block & Section | Stage | Affordable Allocation | Non-Affordable Allocation | Total Blocks in Package |
|---------|-----------------|-------|-----------------------|---------------------------|-------------------------|
| PKG 1 | B1-8 S2 | 1A2 | 6 | 2 | 8 blocks |
| PKG 2 | B9-16 S2 | 1A2 | 6 | 2 | 8 blocks |
| PKG 3 | B1-7 S3 | 1A2 | 5 | 2 | 7 blocks |
| PKG 4 | B1-10 S12 | 1A1 | 8 | 2 | 10 blocks |
| PKG 5 | B11-20 S12 | 1A1 | 8 | 2 | 10 blocks |
| PKG 6 | B1-7 S27 | 1B2 | 6 | 1 | 7 blocks |
| PKG 7 | B8-15 S27 | 1B2 | 7 | 1 | 8 blocks |
| PKG 8 | B1-7 S26 | 1B2 | 6 | 1 | 7 blocks |
| PKG 9 | B8-14 S26 | 1B2 | 6 | 1 | 7 blocks |
| PKG 10 | B1-6 S31 | 1C1 | 4 | 2 | 6 blocks |
| PKG 11 | B7-11 S31 | 1C1 | 3 | 2 | 5 blocks |
| PKG 12 | Ba-g SBU | 2A1 | 5 | 2 | 7 blocks |
| PKG 13 | Bh-n SBU | 2A1 | 5 | 2 | 7 blocks |
| PKG 14 | Ba-g SBV | 2A1 | 5 | 2 | 7 blocks |
| PKG 15 | Bh-o SBV | 2A1 | 6 | 2 | 8 blocks |
| PKG 16 | Ba-g SBO | 2A2 | 5 | 2 | 7 blocks |
| PKG 17 | Bh-n SBO | 2A2 | 2 | 3 | 5 blocks |
| PKG 18 | Ba-h SBC | S2B | 6 | 2 | 8 blocks |
| PKG 19 | Bj-q SBC | S2B | 6 | 2 | 8 blocks |



A full list of blocks is provided as Attachment A.

MAP:



These sites have been identified for release this financial year in the published Indicative Land Release Program 2019-20 and contribute to the Agency's Affordable Housing target.

This release methodology has been based on the Taylor Affordable Housing release.



SETTLEMENT:

All sites will be sold as land not ready and are scheduled to settle after site works are complete. The Estimated Date Range for each [redacted] follows:

- Whitlam Stage 1
- 1A1: 30 June 2020 – 30 December 2020
- 1A2, 1B2, 1C1: 1 March 2021 – 30 June 2021

- Whitlam Stage 2:
- 2A1, 2A2, S2B: 1 November 2021 – 30 June 2022

Put and Call Option Deeds will expire 6 months from the earliest estimated date range, with settlement to occur 30 Days from the day the seller serves the lease on the Buyer.

SITE CUSTODIANSHIP:

All blocks are under the custodianship of the Suburban Land Agency.

LEASES PURPOSE:

All stage one blocks are zoned RZ1 Suburban Zone and all stage two sites are RZ3 Urban Residential Zone.

RECOMMENDATION

We have read and reviewed the documentation listed in table of contents and confirm that the documents are suitable for use in the sale of the Land. We recommend that you approve the release of the land for sale.

[redacted]
[redacted]

[redacted]
[redacted]

[redacted]
[redacted]

That you approve to release and publish the Sales package for public distribution as part of the marketing of the site.

Tom Gordon
Executive Director, Development Delivery



TABLE OF CONTENTS: [REDACTED]

| Folder # | Document name | Prepared by: |
|-----------------|---|--|
| 01. | Sales Pack Approval Letter | Sales |
| 02. | Endorsement letter | Clayton Utz |
| 03. | Request for Tender | Clayton Utz |
| 04. | Attachment B – Specimen Option Deed including Specimen Contracts for Sale & Annexures A to E: A - Whitlam Housing Development Guide B - Specimen Crown Leases C - Application for Land Rent Lease D - Financial Advice Certificate E - Statutory Declaration | Clayton Utz Clayton Utz Project Team |
| 05. | Attachment C – Specimen Leases | To be released by Addendum |
| 06. | Attachment D – Specimen Project Delivery Deed | Clayton Utz |
| 07. | Attachment E – Lots Map | Project Team |
| 08. | Attachment F – Design Brief | Project Team |

FURTHER COMMENTS/NOTES:

[REDACTED]